

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B.COM CBCS (SEMESTER III) SUPPLEMENTARY EXAMINATION,
AUGUST 2021
BUSINESS FINANCE

Duration: 2 Hours

Marks: 40

Instructions:

1. All Questions are compulsory, however internal choice is available.
2. Figures to the right indicate full marks.

Q1. Answer ANY FIVE out of the following eight questions: (2 x 5=10 Marks)

- a) Briefly explain any two Principles of business finance for a business organization.
- b) A Joint-Stock company must focus on, strong Financial plans explain. Why?
- c) Give two points of distinction between Fixed capital and Working capital.
- d) "Self-financing is a safe source of financing", Explain the statement.
- e) State two points of difference between 'Cost Theory' and 'Earnings Theory' of Capitalization.
- f) Explain briefly any two measures a company will adopt to remove overcapitalisation in a company.
- g) Write a short note on the importance of Capital structure.
- h) Briefly explain any two benefits of 'Trading on Equity' to a company.

Q2. Answer ANY SIX out of the following eight questions: (5 x 6=30 Marks)

1. Explain the role of business finance in a business organization.
2. Explain the steps in Financial Planning.
3. Discuss any five sources of Fixed Capital
4. Explain the types of Working Capital.
5. Explain the theory of Capitalization applicable to new companies.
6. Explain the effects of Overcapitalization on the Employees and the Shareholders of a company.
7. What is a Capital Structure? Discuss any four factors influencing the Capital Structure.
8. Explain the concept of Capital Gearing and bring out the difference between High capital gearing and Low capital gearing with suitable examples.

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