

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS
PONDA-GOA
B.COM CBCS (SEMESTER III) SUPPLEMENTARY EXAMINATION, DECEMBER 2020
BUSINESS FINANCE

Duration:2 Hours

Marks:40

Instructions:

- i. All Questions are compulsory, however internal choice is available.
- ii. Figures to the right indicate full marks.

Q1. Answer ANY TEN out of the following sixteen questions: (2 x 10=20 Marks)

- a. State two points of difference between 'Business Finance' and Corporate Finance'.
- b. Explain any two types of financial plans.
- c. Briefly explain 'Flexibility' and Liquidity' as features of good financial plan.
- d. List the steps in financial planning.
- e. Briefly explain any two sources of Fixed capital.
- f. Briefly explain 'Promotional' and 'Developmental' capital.
- g. Explain any two factors determining Working capital requirement.
- h. Diagrammatically explain the types of Working capital.
- i. Explain the term 'Capitalization' and give a suitable example.
- j. State two points of difference between 'Cost Theory' and Earnings Theory' of Capitalization.
- k. Explain any two effects of Undercapitalization on the investors.
- l. Explain two benefits of Balanced Capitalization.
- m. Write a short note on the importance of sound capital structure.
- n. Explain any two factors affecting Capital Structure.
- o. Explain any two advantages of Capital Gearing.
- p. Briefly explain 'Trading on Thin Equity'.

Q2. Answer ANY FOUR out of the following six questions: (5 x 4=20 Marks)

- a. State and explain any five basic principles of business finance.
- b. Explain the importance of adequate fixed capital in a business organization.
- c. Explain 'Working capital' and discuss any four sources of Working capital.
- d. Explain the 'Cost Theory of Capitalization' and discuss its merits.
- e. What is 'Overcapitalization'? Explain any four causes of Overcapitalization.
- f. What is 'Trading on Equity'? Explain four benefits of Trading on Equity.

-----X-----X-----