

**CARMEL COLLEGE OF ARTS, SCIENCE AND COMMERCE FOR WOMEN**

**SEMESTER END EXAMINATION, JULY 2021**

**Semester: II of B.COM**

**Subject: BUSINESS FINANCE**

**Total marks: 40**

**Date:22/07/21**

**Duration: 2 Hrs**

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*Instructions: 1. All questions are compulsory*

*2. Figures to the right indicate marks*

**Q1. Answer any FIVE from the following: (5x2=10)**

- 1.State the two types of capital required to start a business?
- 2.What do you mean by capitalisation?
- 3.What is meant by trading on equity?
- 4.Explain the concept of balanced capitalisation.
- 5.Highlight the significance of working capital
- 6.State any two points of difference between business finance and corporate finance.
- 7.What is meant by capital gearing.?
- 8.What does the cost theory of capitalisation state?

**Q2. Answer any SIX from the following(6x5=30)**

1. Highlight the importance of fixed capital
2. Discuss any five principles of business finance.
3. State the steps involved in financial planning
- 4.Discuss the meaning and importance of capital structure.
- 5.What are the causes of overcapitalisation.?
- 6.Discuss the earnings theory of capitalisation.
- 7.What are the factors influencing capital structure?.
- 8.Explain the effects of undercapitalisation?