

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

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?