

**GOVERNMENT COLLEGE OF COMMERCE AND ECONOMICS, BORDA
MARGAO - GOA**

B.COM (III SEMESTER) END EXAMINATION, OCTOBER 2018

CC 9: BUSINESS FINANCE

Duration: 2 hours

Max. Marks: 80

Instructions:

- i) All questions are compulsory.
 - ii) Answer sub-questions in Question no. 1 and Question no. 2 in not more than 100 words each.
 - iii) Answer question no. 3 to Question no. 6 in not more than 400 words each.
 - iv) Figures to the right indicate maximum marks to the question.
-

Q.1. Answer any four of the following: (4x4 = 16 marks)

- a) Explain the meaning of business finance.
- b) Give four points of difference between business finance and corporate finance.
- c) Explain the importance of financial planning.
- d) Explain the types of capital.
- e) Explain the types of working capital.
- f) Explain any two sources of fixed capital.

Q.2. Answer any four of the following (4x4 = 16 marks)

- a) Explain the meaning of capitalisation.
- b) Give four points of difference between cost theory and earning theory of capitalisation.
- c) Explain the term over-capitalisation and under-capitalisation.
- d) What is meant by capital structure?
- e) Explain the term capital gearing.
- f) Explain the importance of the capital structure.

Q.3.A. Explain the characteristics of business finance. (12 marks)

OR

B. Explain the essential features of a good financial plan. (12 marks)

Q.4.A. Explain the factors determining fixed capital requirement. (12 marks)

OR

B. Explain the sources of working capital. (12 marks)

Q.5.A. Explain the effect of over-capitalisation on the company and shareholders. (12 marks)

OR

B. Explain the causes of under-capitalisation. (12 marks)

Q.6.A. Explain the factors determining capital structure. (12 marks)

OR

B. Explain the meaning and advantages of trading on equity. (12 marks)
