

Total No. of Questions : 7]

SEAT No. :

P2066

[Total No. of Pages : 3

[5802]-203

F.Y. B.B.A

**203: PRINCIPLES OF FINANCE  
(2019 Pattern) (Semester - II) (CBCS)**

Time : 2½ Hours]

[Max. Marks : 70

Instructions to the candidates:

- 1) Q.No. 1 to Q.No. 2 are compulsory.
- 2) Attempt any three questions from Q.3 to Q.7.

Q1) A) Write whether the statement is true or false : [5]

- a) The traditional approach of Financial Management laid over emphasis on the problem of long term financing.
- b) Public deposits are the Fixed deposits accepted by a business enterprise from the government schemes.
- c) If the EBIT is below the indifference point, a company should use owned funds to maximize EPS.
- d) Preference shareholders are entitled to receive dividend at fixed rate irrespective of the amount of profit earned by the company.
- e) A legal agreement that lets someone use a car, house, warehouse, etc. for a period of time in return for payment is venture capital.

B) Fill in the blanks by choosing suitable option : [5]

- a) The firm's \_\_\_\_\_ is the mix of long term debt and equity utilized by the firm which may significantly affect its value by affecting return and risk.
  - i) Dividend policy
  - ii) Capital budget
  - iii) Capital structure
  - iv) Working capital

P.T.O.

- b) \_\_\_\_\_ of the following is a limitation of traditional approach of Financial Management.
- i) More emphasis on long term problem
  - ii) One sided approach
  - iii) Ignores allocation of resources
  - iv) All of the given are limitations
- c) A Capital investment is one that \_\_\_\_\_.
- i) has the prospect of long term benefits
  - ii) has the prospect of short term benefits
  - iii) is only undertaken by large corporations
  - iv) applies only to investment in fixed assets
- d) \_\_\_\_\_ separates ownership and use as two economic activities and facilitates assets use without ownership.
- i) Microfinance                      ii) Leasing
  - iii) Venture capital                  iv) Debenture
- e) The state of \_\_\_\_\_ is where the value of assets is much more than it appears in the book of the company.
- i) under-capitalization              ii) deficit financing
  - iii) over-capitalization              iv) equilibrium

**Q2)** Write short note on (any three): **[15]**

- a) Microfinance.
- b) Capitalization.
- c) Bonus shares.
- d) Modern approach of Financial Management.
- e) Public deposits.

**Q3)** What is mean by Financial Management? Explain the roles of Finance Manager in Financial Management. **[15]**

- Q4)** What is mean by shares? Explain different types of shares with its merits.[15]
- Q5)** What is dividend policy? Explain types of and factors affecting dividend policy of a company. [15]
- Q6)** What is mean by capital structure? Explain different factors determining capital structure of the organization. [15]
- Q7)** What do you mean by Venture capital? Describe nature and advantages of Venture capital. [15]



Total No. of Questions : 7]

SEAT No. :

PA-1899

[Total No. of Pages : 2

**[5953]-203**  
**F.Y.B.BA. (Semester-II)**  
**PRINCIPLES OF FINANCE**  
**(2019 Pattern) (CBCS)**

*Time : 2½ Hours]*

*[Max. Marks : 70*

*Instructions to the candidates:*

- 1) *Question No. 1 and Question No. 2 are Compulsory.*
- 2) *Solve any Three Questions from question No. 3 to Question No. 7.*
- 3) *Figures to the right side indicate full Marks.*

**Q1) A) Write True or False. [5]**

- i) Financial management mainly focuses on all elements of acquiring and using means of financial resources for financial activities.
- ii) Basic objective of Financial Management is maximization of shareholder's wealth.
- iii) Current assets are also referred to as working capital.
- iv) The amount invested in the fixed assets of the company is called Reserves Capital.
- v) Funds raised through loans or borrowings are Owners Equity.

**B) Fill in the Blanks by the choosing correct answer. (Any 5) [5]**

- i) The financial risk is defined as the \_\_\_\_\_ due to the failure in payment of interest or failure in repayment of borrowed capital.
  - a) Risk of insolvency
  - b) Risk of Over Capitalization
  - c) Risk of Under Capitalization
  - d) Risk of loss of profit
- ii) The finance manager is not accountable for \_\_\_\_\_.
  - a) Managing Human Resources
  - b) Recording Monetary Transaction
  - c) Preparing financial statement
  - d) All of the above

**P.T.O.**

- iii) Money obtained by issue of shares is known as \_\_\_\_\_.
  - a) Debts                                      b) Loans
  - c) Share Capital                              d) Reserve Funds
- iv) The \_\_\_\_\_ is expected to be converted in to cash in less than a year.
  - a) Building                                      b) Fixed Asset
  - c) Intangible Asset                              d) Current Asset
- v) Dividend is paid only on \_\_\_\_\_.
  - a) Debenture                                      b) Shares
  - c) Creditors                                      d) Fixed Asset
- vi) Interest at \_\_\_\_\_ rate is payable on debenture.
  - a) Fixed                                      b) Flexible
  - c) Marginal                                      d) Variable

**Q2) Short Notes. (Any Three) [15]**

- a) Financial Management
- b) Public Deposit
- c) Over Capitalization
- d) Microfinance
- e) Retained Earnings

**Q3) Define the term Debenture and Types & Features of Debenture. [15]**

**Q4) What is mean by Leasing? Explain the features and types of Leasing. [15]**

**Q5) Explain the term of Finance Manager also explain the role of Finance Manager in details. [15]**

**Q6) Define the different internal source of finance with advantages and disadvantages. [15]**

**Q7) What is mean by Under Capitalization? Explain the Causes and Consequences of Under Capitalization. [15]**



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F.Y. B.B.A

**203: PRINCIPLES OF FINANCE**  
**(2019 Pattern) (Semester - II) (CBCS)**

*Time : 2½ Hours**Max. Marks : 70**Instructions to the candidates:*

- 1) Q.No. 1 to Q.No. 2 are compulsory.
- 2) Attempt any three questions from Q.3 to Q.7.

- Q1)** A) Write whether the statement is true or false : [5]
- a) Finance Function is an integral part of overall management .
  - b) A share is a transferable property .
  - c) Equity Shares are also known as Ordinary Shares .
  - d) Under Capitalisation may be consider to be in the nature of redundant capital .
  - e) Venture capital is one form of equity Financing .
- B)** Fill in the blanks by choosing suitable option : [5]
- a) ----- Function is concerned with financial forecasting .
- |              |                    |
|--------------|--------------------|
| i) Finance   | ii) Administration |
| iii) Account | iv) Sale           |

**P.T.O.**



- b) ----- Debenture are not converted into equity shares.
  - i) Convertible
  - ii) Non - Convertible
  - iii) Transferable
  - iv) Non - Transferable
- c) Shareholders are the ----- of company .
  - i) Owner
  - ii) Partner
  - iii) Debtors
  - iv) Creditor
- d) ----- is integral part of financial planning .
  - i) under-capitalization                      ii) capitalization
  - iii) over-capitalization                      iv) All of the above
- e) -----is also known as Capital Lease.
  - i) Financial Lease                      ii) Operating Lease
  - iii) leverage Lease                      iv) All of the above

**Q2) Write short note on (any three):** **[15]**

- a) Microfinance.
- b) Capital Structure.
- c) Bonus shares.
- d) Approach of Financial Management.
- e) Public deposits.

**Q3) What is mean by Financial Management ? Explain the roles of Finance Manager of Financial Management.** **[15]**

**Q4) What is Debenture ? Explain different types Debentures** **[15]**

**Q5) What is mean by Equity Share ? Explain different types Equity Shares** **[15]**

**Q6) What is mean by Under Capitalisation? Explain its Causes and Remedies .** **[15]**

**Q7) What do you mean by Venture capital? Describe nature and advantages of Venture capital.** **[15]**