

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

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- 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]

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