SARASWAT EDUCATION SOCIETY'S
SRIDORA CACULO COLLEGE OF COMMERCE & MANAGEMENT STUDIES
KHORLIM, MAPUSA, GOA

B.Com – Honors / B.Com - General (NEP 20, w. e. f. 2023-24)

S.Y. B.COM. SEMESTER END ASSESSMENT, OCT/NOV, 2026

THEORY - REGULAR ODD SEMESTER III EXAMINATION

Subject: - [BUSINESS FINANCE (Minor CBM-211] Marks:- [marks 80]
[Credit: - 04] Duration:- [2 hrs].

GENERAL INSTRUCTIONS FOR CANDIDATES:

1. All main questions (Q.1 to Q.5) are compulsory. Internal choice is provided within Q.2, Q.3, Q.4, and Q.5.
2. Figures to the right in brackets indicate full marks for each question/sub-question.
3. Read each question carefully before answering. Answers should be neat, precise, and strictly theoretical.
4. Write down the correct Question Number and Sub-Question letter clearly as per the question paper.

Q.1 Answer All of the following questions [8 x 2 Marks = 16 Marks]

a) Define Business Finance.
b) What is meant by Fixed Capital?
c) Define Corporate Securities.
d) What is Capitalisation?
e) State any two principles of Business Finance.
f) Define Net Working Capital.
g) What are Stock Warrants in corporate finance?
h) What is meant by Capital Gearing?

Q.2 A Differentiate between Business Finance and Corporate Finance across six distinct bases. Describe six major roles played by Business Finance in an enterprise. **(12 Marks)**

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Q.2 B Explain the concept of Financial Planning. Detail the six steps involved in financial planning and describe four essential features of a sound financial plan. **(12 Marks)**

Q.2 C Distinguish between Gross Working Capital and Net Working Capital concepts. Explain the theoretical significance of each concept in corporate financial management. **(4 Marks)**

Q.3 A Explain six factors influencing fixed capital requirements and six factors determining working capital requirements of a industrial manufacturing firm. **(12 Marks)**

Q.3 B Explain the concept of Lease Financing. Distinguish between an Operating Lease and a Finance Lease based on ownership, lease term, and maintenance obligations. **(4 Marks)**

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Q.3 C Explain the concept of Venture Capital financing. Detail the key characteristics and funding objectives of the Seed Financing and Start-up Financing stages. **(4 Marks)**

Q.4 A Compare and evaluate Equity Shares, Preference Shares, and Debentures as long-term corporate securities. Analyze their features, risk-return profiles, and ownership control implications. **(12 Marks)**

Q.4 B Explain the nature of Lease Financing. Differentiate between an Operating Lease and a Finance Lease, highlighting the conditions under which each lease model is preferred. **(4 Marks)**

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Q.4 C Explain the concept of Capital Gearing. Differentiate between High Capital Gearing and Low Capital Gearing, and analyze their financial risk implications for a firm. **(4 Marks)**

Q.5 A Critically analyze the Cost Theory versus the Earning Theory of Capitalisation. Evaluate the concepts, causes, and financial consequences of Overcapitalisation, Undercapitalisation, and Balanced Capitalisation. **(12 Marks)**

Q.5 B Define Overcapitalisation and Undercapitalisation. Explain the key causes of Overcapitalisation and describe three effective remedial measures a company can take to rectify it. **(4 Marks)**

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Q.5 C Evaluate the Net Income (NI) Approach versus the Net Operating Income (NOI) Approach to Capital Structure, explaining how debt financing affects the overall cost of capital and firm value under each theory. **(4 Marks)**