

(6 pages)

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B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2021.

Fourth Semester

Corporate Secretaryship – Allied

CORPORATE FINANCE

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Corporate finance relates to _____ and utilization of finance
 - (a) Allocation
 - (b) Mobilization
 - (c) Appropriation
 - (d) Investment

2. Allocation of financial resources is based on
 - (a) Profitability
 - (b) Government assistance
 - (c) Priority and profitability
 - (d) Need for finance
3. The leverage ratios exclude
 - (a) Debt to capital ratio
 - (b) Debt to EBITDA ratio
 - (c) Interest cover ratio
 - (d) Total assets to turnover ratio
4. Shortage of working capital result in
 - (a) Higher productivity
 - (b) Fall in short term cost
 - (c) Difficulty to meet day to day expenses
 - (d) Increase in debtors
5. Over capitalization can be overcome by
 - (a) Increasing value of assets
 - (b) Implementing capital reduction scheme
 - (c) Take more borrowings
 - (d) Provide lesser depreciation

6. Capital gearing exhibits relations between
- (a) Equity share capital and debentures
 - (b) Equity capital and preference capital
 - (c) Equity share holders funds and fixed income bearing funds
 - (d) Capital and bank loan
7. Under net working capital concept working capital indicates
- (a) Current assets
 - (b) Current liabilities
 - (c) Current assets-current liabilities
 - (d) Current assets -bank overdraft
8. Working capital needs of a company is not significantly influenced by
- (a) Inventory turnover
 - (b) Terms of purchase and sale
 - (c) Number of god owns
 - (d) Size of business
9. The money market instruments exclude
- (a) Treasury bills (b) Certificate of deposit
 - (c) Commercial bills (d) Debentures

10. Capital market is regulated by
- (a) RBI
 - (b) SEBI
 - (c) UTI
 - (d) ECGC

PART B — ($5 \times 5 = 25$ marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the concept and nature of corporate finance.

Or

- (b) Compare short term and long term capital needs of a corporate body.

12. (a) Describe the methods of finding financial leverage operating leverage.

Or

- (b) List out the sources of obtaining long term capital.

13. (a) Describe the effects of high gearing of capital structure.

Or

- (b) Explain the reasons for under capitalization.

14. (a) Narrate the need for providing adequate working capital.

Or

- (b) Examine the concept and components of fluctuating working capital.

15. (a) State the different instruments used in money market.

Or

- (b) Explain the need for foreign funds in capital markets.

PART C — ($5 \times 8 = 40$ marks)

Answer ALL questions, choosing either (a) or (b)

Each answer should not exceed 600 words.

16. (a) Discuss the scope and importance of corporate finance.

Or

- (b) Examine the nature of different decisions made in finance function.

17. (a) Compare the features of shares with debentures.

Or

- (b) Enumerate the advantages of using long term and short term sources of capital.

18. (a) Explain the effects of low and high gearing of capital structure.

Or

- (b) Discuss the effects of over and under capitalization.

19. (a) Examine the methods of managing amount invested in inventory.

Or

- (b) Describe the principles and methods of managing accounts receivables.

20. (a) Explain the instruments and players of capital market.

Or

- (b) 'The recent trends in Indian capital market is unforeseen and challenging'. Comment.
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