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B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2020.

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 mobilization and _____ of finance.
 - (a) pooling
 - (b) managing
 - (c) utilization
 - (d) contracting

2. Internal source of financing corporate bodies include
- (a) share holders
 - (b) debenture holders
 - (c) ploughing back of profit
 - (d) public deposits
3. Financial leverage is the relation between
- (a) Assets and liabilities
 - (b) Debt and capital
 - (c) Debt and liabilities
 - (d) Capital and surplus
4. Fixed capital needs are to be preferably met by
- (a) bank credit (b) trade credit
 - (c) shares (d) cash credit
5. Over capitalization is caused due to
- (a) under valuation of assets
 - (b) Excessive depreciation
 - (c) Idle funds
 - (d) Increasing value of fixed assets

6. Under capitalization refers to depend on
- (a) owners capital
 - (b) ploughing back of profit
 - (c) borrowed capital
 - (d) reserves and surplus
7. Working capital is also called as _____ capital.
- (a) Earning (b) Invested
 - (c) Hidden (d) Circulating
8. Fluctuating working capital can be well financed by
- (a) Term loans (b) Short term funds
 - (c) share capital (d) long term funds
9. Money market is characterized by
- (a) low return in interest
 - (b) extends more than one year
 - (c) low safety
 - (d) high risk
10. Capital market consists of
- (a) trade credit (b) bank credit
 - (c) secondary market (d) black market

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Explain nature of corporate finance.

Or

- (b) Describe the nature of long term financial needs.

12. (a) Discuss the need for financial leverage.

Or

- (b) State the different kinds of short term capital needs of an organization.

13. (a) Narrate the significance of studying capitalization.

Or

- (b) Describe the causes for under capitalization.

14. (a) Explain the concepts of regular and fluctuating working capital.

Or

- (b) Discuss the importance of working capital.

15. (a) State the nature of capital market.

Or

(b) What are hybrid securities?

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Enumerate scope of corporate finance.

Or

(b) Explain the various functions of finance.

17. (a) Describe the significance and methods of effecting operating leverage.

Or

(b) Discuss the pros and cons of using different sources of providing long term capital.

18. (a) Examine the causes and effects of over capitalization.

Or

(b) Narrate the effects and remedies for under capitalization.

19. (a) Describe the various determinants of working capital.

Or

(b) Explain various sources of financing regular working capital in an organization.

20. (a) Examine the role of different players of money market.

Or

(b) Review the recent trends in Indian capital market.
