070522 FYFMG SEM II PRINCIPLES OF FINANCE 2.5 HOURS 75 MARKS

Q.1) Mu	ltiple	choice questions:	(40)	
1.		branch of finance studies how	individuals save and invest their funds.	
		Personal finance		
	b)	Corporate finance		
	c)	Public finance		
	d)	International finance		
2.		is the process of making polic	ies and procedures regarding the financia	al
activities	of a	company.	and procedures regarding the financia	11
	a)	Capital restructuring		
		Financial planning		
	c)	Dividend planning		
	d)	Expense planning		
3		are also called as ordinary shares	L Beatter a	
		Preference shares		
		Equity shares		
		Debentures		
	d)	Bonds		
4		is also called as registered capital		
		Authorized		
		Issued	Agin and make a table a second	
		Subscribe	gr 1 2 cm	
	d)	Paid up		
5		issued to the existing shareholders	free of cost.	
		Rights shares		
		Bonus shares		
		Sweat equity		
	(1)	Bonds	things to the the	
()	[reference shares are those which ca	n be converted into equity shares.	si)
	11)	Cumulative preference shares		100
	b)	Participating preference shares.		1
~	(1)	Convertible preference shares	Harlet and the second of the s	Colon I
	(1)	Non Cumulative preference shares	The state of the s	
7.	d	ebentures are those whose names a	opear in the company's register of	
nembers.		methodological Shape gapalar .	The state of the s	
	a)	Secured debentures		
		Unsecured debentures		
		Registered debentures		
		Bearer debentures		
8	deb	entures are those which can be redec	emed after a certain period of time.	

b) Bearer debentures c) Redeemable debentures d) Irredeemable debentures 9get voting rights. a) Debenture holders b) Creditors c) Bankers d) Equity shareholders 10get a fixed interest. a) Equity shareholders b) Preference shareholders b) Preference shareholders c) Debenture holders d) Creditors 11. In India there areforms of capital structure are popular and in practice. a) One b) Three c) Four d) Two 12means taking the advantage of equity share capital to borrowed funds on reasonable basis. a) Trading on equity c) Capital budgeting c) Utilization of resources d) Cost 13. Over capitalisation is caused due to a) Reduction in payment of preference dividend b) Low return on capital employed c) Liberal dividend policy d) Reduction in paid up value of the share 14. Who are the real owners of a company? a) Government b) Board of Directors c) Equity shareholders d) Debenture holders d) Debenture holders 15 are a common source of finance for big companies. a) Bondy b) Equity shares c) Public deposits d) Secret reserve	a)	Registered debentures
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d) Debenture holders 15		
15		
a) Bondsb) Equity sharesc) Public depositsd) Secret reserve	(1)	Debenfule holders
a) Bondsb) Equity sharesc) Public depositsd) Secret reserve	15	va a japanyan ayurun af finanya fan bir agamasira
b) Equity shares c) Public deposits d) Secret reserve		
c) Public deposits d) Secret reserve		
d) Secret reserve		
10 means decline in the value of fixed agents due to use and agent	(1)	occret reserve
	16	proving decline in the value of fixed exects due to use and

	b)	Reserves	
		Depreciation Accumulation of funds	
	(1)	Treediffication of funds	
17		is it created for the purpose of redemption of debentur	es at the end of some
specific	e perio	1.	
	a)	Dividend equalization reserve.	
		Dividend redemption reserve	
		Capital reserve	
	d)	Secret reserve	
18		conditions influence the capital structure decisions.	
		Capital market	
	b)	Existing shareholders	
	c)	Primary market	
	d)	All of the above	
19	. Divid	lend policy of the firm of affects	
		Only short term financing	
		Only long term financing	
		Wealth of shareholders	
		Both long term financing and wealth of shareholders	
20	The	company is called if capital structure has 80% do	ebt and 20% equity
20		Low geared company	and 2070 equity.
		High geared company	
		Debt Equity balance	
		Priority equity	
	(1)	Thomas equity	
Q.2 A1	TEMP	T ANY ONE:	(07)
A)	Explai	n the nature and scope of finance function.	
B)	Explai	n the role of finance manager.	
C)	Explai	n the types of financial planning.	
() 3 A T	TEMP	T ANY ONE:	(07)
		are the forms of Capital Structure and explain the factors	
	Structi		infridencing Capital
		in overcapitalisation in brief.	
		rate the criteria of determining the capital structure of a f	irm.
O 1 A 1	TEMB	TANYONE	(0.5)
		T ANY ONE:	(07)
		n the types of Share capital.	
		e advantages of equity shares.	
()	Explai	n the various types of debentures.	
		T ANY ONE:	(07)
		reserves and its types.	
		a capital reserves with its advantages and disadvantages.	
(')	Explai	retained earnings and its features.	

- A) Rights issue and bonus issue
- B) Features of preference shares.
- C) Stability of dividend
- D) Undercapitalisation
- E) Objectives of Capital structure.