

Code No. : 12031 E Sub. Code : SACR 41/  
AACR 41

B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2022

Fourth Semester

Corporate Secretaryship — Allied

CORPORATE FINANCE

(For those who joined in July 2017-2020)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer:

1. \_\_\_\_\_ means the presence of debt in the capital structure of a firm.
  - (a) Financial Leverage
  - (b) Combined Leverage
  - (c) Operating Leverage
  - (d) None of these

2. Any capital asset held for a period of not more than 12 months is known as \_\_\_\_\_.
  - (a) Long term
  - (b) Short term
  - (c) Medium
  - (d) None
3. Under \_\_\_\_\_ capitalization the actual profits of the company are not sufficient to pay Interest on debentures.
  - (a) Over
  - (b) Even
  - (c) Under
  - (d) Put option
4. An indicator of the short-term financial position of an organization is \_\_\_\_\_.
  - (a) Current capital
  - (b) Fixed capital
  - (c) Fund capital
  - (d) Working capital
5. The term \_\_\_\_\_ refers to the ratio of debt a company has relative to equities.
  - (a) Financial Leverage
  - (b) Capital gearing
  - (c) Operating Leverage
  - (d) Leasing
6. \_\_\_\_\_ is used for the purpose of short term borrowing and lending.
  - (a) Capital market
  - (b) Government Market
  - (c) Finance market
  - (d) Money market

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7. Acquisition of Assets during Recession is one of the \_\_\_\_\_ of under capitalisation.

- (a) Causes
- (b) Consequences
- (c) Remedies
- (d) Rules

8. \_\_\_\_\_ is one of the methods of short term loan.

- (a) Equity
- (b) Debentures
- (c) Trade credit
- (d) Borrowings

9. If the value of current assets is Rs.10,000 current liabilities is Rs.8,000 so the working capital is \_\_\_\_\_.

- (a) 1,000
- (b) 2,000
- (c) 3,000
- (d) 4,000

10. \_\_\_\_\_ refers to a company's mix of capital, which consists of a combination of debt and equity.

- (a) Capital Market
- (b) Capital structure
- (c) Capital Instrument
- (d) Cost of Capital

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PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words

11. (a) Define the term Corporate finance.

Or

- (b) Point out the importance of corporate finance.

12. (a) What do you mean by Operating Leverage.

Or

- (b) Write a short note on Long term Capital.

13. (a) Give the meaning Under Capitalisation.

Or

- (b) List down the Reasons of Over Capitalisation.

14. (a) What do you mean by Working capital?

Or

- (b) Write a short note on Working capital management.

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[P.T.O.]

15. (a) Brief about the term Capital Market.

Or

- (b) List down the Instruments dealt in Money Market.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words

16. (a) Discuss the Scope of Corporate Finance.

Or

- (b) Bring out finance functions of a company.

17. (a) Explain the modes of Long-term Capital.

Or

- (b) Brief about the advantages of Short-term Capital.

18. (a) Explain the Consequences of under Capitalisation.

Or

- (b) Describe the remedies for over Capitalisation.

19. (a) How a company financing their working capital? Explain.

Or

- (b) Explain the determinants of working capital.

20. (a) Discuss about the instruments in Capital Market.

Or

- (b) Enumerate the capital structure for an average company.