

Anekant Education Society's  
**Tuljaram Chaturchand College of Arts, Science & Commerce, Baramati**  
**[Autonomous]**  
**Department of BBA**

**Question Bank: - Principles of Finance [Code: BBA1203]**

**1. A] Fill in the Blanks [1 mark questions]**

1. \_\_\_\_\_ may be defined as the position of money at the time it is wanted.
2. \_\_\_\_\_ is the soul of the business activities.
3. Finance Management refers to the management of \_\_\_\_\_.
4. As per \_\_\_\_\_ approach manager was treated as just provider of fund.
5. First role of finance manager is to determining \_\_\_\_\_ needs.
6. An \_\_\_\_\_ source of finance is the finance that comes from outside the business.
7. The capital of company is divided into different unit called \_\_\_\_\_.
8. \_\_\_\_\_ are the real owners of company.
9. The dividend rate on preference capital is usually \_\_\_\_\_.
10. \_\_\_\_\_ are the fixed deposits accepted by a business directly from public.
11. The traditional approach is a midway between NI and \_\_\_\_\_ approach.
12. According to \_\_\_\_\_ approach the market value of the firm is not at all affected.
13. \_\_\_\_\_ means the capital of company is less in proportion to its requirements.
14. \_\_\_\_\_ is the task of determining how a business will afford to achieve its Strategic goals & objectives.
15. The \_\_\_\_\_ statement is a projection of income for period of time in the future.
16. \_\_\_\_\_ termed as long term funds in equity in hi-tech projects involving high risk and high Profitability.
17. \_\_\_\_\_ refers to the provision of financial service to low income clients.

**B] State whether the following statements are true or false [1 Mark questions]**

1. Investment Decision is one of the Role of Finance Manager.
2. In Modern approach Finance Manager treated as an outsider.
3. Equity shareholders are the real owner of the company.
4. Debenture is a security issued by a company against the debt.
5. Traditional approach is midway between NI and MM approach.

6. First step of financial planning is formulating financial policies.
7. Sales forecast is one of the methods of financial forecasting.
8. Venture capital refers to an equity/equity related investment in growth oriented business.
9. A mutual fund is a professionally managed form of collective investments.
10. Micro Units Development & Refinance Agency Ltd. (MUDRA) is a new institution set up by Government of India to provide funding to the non-corporate.

**2. Answer in one sentence [1/2 Marks Questions]**

1. What do you mean by share?
2. What do you mean by preference share?
3. What is public deposit?
4. What is bonus share?
5. What do you mean by reserve& surplus?
6. What do you mean by retained earning?
7. What do you mean by 'finance'?
8. What is finance function?
9. Define financial management in one sentence.
10. What is the meaning of modern approach of financial management?
11. What do you mean by 'investment decision'?
12. Who is finance manager?
13. What do you mean by capital structure?
14. What is optimum capital structure?
15. What do you mean by capitalization?
16. What is under capitalization?
17. Define financial planning?
18. List the name of financial planning process?
19. What is venture capital?
20. What is financial lease?
21. What do you mean by microfinance?
22. What is mutual fund?

### **3. Short Notes on [4 Marks Questions]**

1. Role of Finance Manager
2. Types of Preference Shares
3. Advantages of Retained Earnings
4. Dividend Policy
5. Objectives of Financial Planning
6. MM Approach
7. Mudrank Yojna
8. Microfinance
9. Mutual Fund
10. Limitations of Financial Planning
11. NABARD
12. IDBI
13. Trading in Shares.
14. Digitalization of Finance.
15. Venture Capital.

### **4. Long Answer questions [6 Marks questions]**

1. Explain the concept of finance? What is nature & scope of finance function?
2. Define financial management Explain the approaches of financial management?
3. Who is finance manager? What is the role of finance manager in the organization?
4. Describe the features of equity shares. What are the difference between shares & debentures?
5. Define debenture. Explain advantages & disadvantages of it.
6. Define public deposits; explain its advantages & limitations.
7. What do you mean by the term loan? Discuss its advantages & limitation?
8. Explain advantages & limitation of 'reserves & surplus' as one of the important internal sources of Finance.
9. Define capital structure. Discuss the various factors affecting capital structure.
10. Explain NI & NOI approach of capital structure with their assumptions.
11. Define 'over capitalization'? Write the differences between over-capitalization & under Capitalization.
12. What are the causes & remedies of over capitalization?

13. What are the causes & consequences of under capitalization?
14. What do you mean by financial planning? Explain process of it.
15. What is the financial forecasting? Explain its methods.
16. What is the venture capital financing? Explain nature of it.
17. What do you mean by microfinance? Explain its advantages & disadvantages.
18. What are the advantages & disadvantages of mutual fund?
19. Define Equity shares; explain its advantages & limitations.
20. Define 'over capitalization'? Explain causes and consequences of Overcapitalization.