

Institute of Management
JK Lakshmipat University, Jaipur
EVEN SEMESTER MID TERM EXAMINATION II -2019

BBA/BCOM (IV Sem.)
Subject Code: FN 08
MM: 20 Marks

Business Finance
Time: 1.5 Hours

Instructions:

- a) *There are varied patterns of the question. Read the question very carefully.*
- b) *Questions in section A carries half marks only.*

Section A

1. Identify True / False Statements or Fill in the blanks.

- a) The extent of fixed cost in financing activities of a firm determines the operating leverage.
- b) An unleveraged firm employs owners as well as debt capital in the capital structure of the company.
- c) At time of recession, it is advisable for the company to employ more funds from source of debt.
- d) NOI approach of capital structure propounds value of firm remains constant irrespective of the debt-equity mix.
- e) The larger the fixed interest costs, the higher is the _____ leverage.
- f) _____ is the determination of the quantum of capital of an organization.
(Capitalization/ Capital structure/ Assets Structure/ Finance Structure)

2. How concept of trading of equity used by finance manager for the purpose of decision making in the business cycle of boom? (2 Marks)

Section B

3. How factors like regularity of income, capital market condition and size of business helps in planning and designing capital structure. Comment on any four factors which affect capital structure decision of a company (4 Marks)

or

P.T.O.