

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)

EXAMINATION: MAY - 2025

SEMESTER - V

Sub.: Principles of Finance (BBA22-514FM)

Date : 30/05/2025

Total Marks : 60

Time: 10.00 am To 12.30 pm

- Instructions:** 1) All questions are compulsory.
 2) Figures to the right indicate full marks.

Q. 1. Choose the most appropriate option. (05)

1. Which of the following best defines financial management?
 - a) Managing day-to-day transactions
 - b) Planning, organizing, and controlling financial resources
 - c) Supervising production costs
 - d) Maintaining employee payroll
2. _____ is the primary advantage of retained earnings.
 - a) No repayment obligation
 - b) High dilution of ownership
 - c) Tax benefits for shareholders
 - d) No need for profit reinvestment
3. _____ is a determinant of capital structure.
 - a) Profitability of the company
 - b) Availability of collateral
 - c) Market conditions
 - d) All of the above
4. Which of the following best describes leasing?
 - a) Permanent transfer of ownership
 - b) Purchasing assets through equity
 - c) Renting an asset for a specified period
 - d) Granting loans to small businesses
5. _____ is the role of a mutual fund manager.
 - a) Lending money to individuals
 - b) Managing and investing pooled funds on behalf of investors
 - c) Leasing assets to companies
 - d) Offering venture capital to startups

Q. 2. State True / False (05)

1. Wealth maximization is a broader concept as compared to profit maximization.
 - a) True
 - b) False
2. Mutual Funds are suitable option for small investors.
 - a) True
 - b) False
3. Investment decision focus on Allocating resources to profitable projects
 - a) True
 - b) False
4. Debentures results in a fixed liability for a company.
 - a) True
 - b) False
5. Micro Finance is offers small loans to individuals with low income
 - a) True
 - b) False

Q. 3. Write Short notes on (Any Three) (15)

1. Modern and Traditional Approaches to Financial Management
2. Objectives of Financial Management
3. Microfinance
4. Advantages borrowing from banks
5. Under-Capitalization

Q. 4. Answer in detail (Any Two)

(20)

1. Describe internal sources of finance with examples. How do retained earnings and reserves benefit an organization?
2. Discuss the importance of maintaining an optimal capital structure for a business.
3. Explain importance, characteristics, and the benefits of Venture Capital to growing businesses.
4. “Micro finance plays important role in economic development” Justify this statement?

Q. 5. GreenTech Innovations is a new company that is operating in the field of sustainable energy. This enables the company to rapidly expand its operations because it is able to access capital through private equity investments. In addition, the corporation makes use of lease arrangements in order to obtain expensive equipment without making major additional financial investments at the outset. For the purpose of providing support for rural electrification projects, GreenTech also collaborates with impact investing firms. (15)

For the purpose of maximizing profits and preserving liquidity, the corporation makes strategic investments in a variety of financial instruments, such as mutual funds, with spare cash. By making efficient use of these modern financial tactics, GreenTech Innovations is able to position itself as a key participant in the renewable energy market throughout the course of time.

Questions

1. How does GreenTech Innovations manage to scale its operations efficiently?
2. What financial strategy does GreenTech Innovations use to support rural electrification projects?
3. Why does GreenTech Innovations invest surplus funds in financial instruments?
