

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.) (071)
EXAMINATION: DECEMBER - 2025
SEMESTER - V
Sub.: Principles of Finance (BBA22-514FM)

Date : 22/12/2025

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. Angel investors mainly provide_____
 - a) Government grants
 - b) Short-term loans
 - c) Early-stage funding to startups
 - d) Mutual fund investments
2. Which of the following is an example of internal finance?
 - a) Bank loan
 - b) Issue of debentures
 - c) Retained earnings
 - d) Venture capital
3. Capital budgeting deals with_____
 - a) Distribution of profits
 - b) Short-term borrowing decisions
 - c) Long-term investment decisions
 - d) Dividend declaration
4. Under-capitalization results in _____
 - a) Low rate of return
 - b) Excessive profits
 - c) Decline in share value
 - d) High operating costs
5. The modern goal of financial management is_____
 - a) Profit maximization
 - b) Wealth maximization
 - c) Sales maximization
 - d) Market expansion

Q. 2. State True / False (05)

1. Financial planning ensures availability of adequate funds at the right time.
 - a) True
 - b) False
2. Equity shareholders receive fixed dividends.
 - a) True
 - b) False
3. Leasing transfers ownership of assets to the lessee.
 - a) True
 - b) False
4. Venture capital involves high risk and high return.
 - a) True
 - b) False
5. Mutual funds reduce risk through diversification.
 - a) True
 - b) False

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

1. Financial Planning
2. Preference Shares
3. Over-Capitalization
4. Importance of Mutual Funds
5. Leasing as a Financing Tool

Q. 4. Answer in detail (Any Two) (20)

1. Explain the objectives of Financial Management.
2. Discuss Venture Capital and its role in business growth.
3. Explain the concept of Capital Structure and its determinants.
4. 'Role of Leasing in Business Financing' elaborate in detail.

Q. 5. Case Study (15)

Green Spark Energy Ltd. is a clean energy firm that raised venture capital to introduce solar panels in rural areas. The company opted for hire purchase to acquire advanced machinery and partnered with microfinance institutions to provide affordable energy solutions to low-income households. Surplus funds were invested in mutual funds to ensure stable returns.

Questions :

1. How does venture capital support Green Spark Energy Ltd.?
 2. Explain the role of microfinance in rural development.
 3. Discuss the reason to invest surplus funds in mutual funds?
-

