

Assignment Class 12 BST

Time Allowed: 45 mins.

Maximum Marks:

Objective type questions

- Q-1 The ordinary shares of a company are delivered to the depository bank, which in turn issues the depository receipts, known as _____
a) Commercial banks b) ADR c) None of these d) GDR
- Q-2 Debenture represent
a) Fixed capital of the company
b) Permanent capital of the company
c) Fluctuating capital of the company
d) Loan capital of the company
- Q-3 Statement 1: Participating preference shares participate in the management of the company.
Statement 2: The owners funds are a permanent source of finance.
- Q-4 One of the demerits of loan from financial institution is that, financial institutions may put ____ in the board of directors of the borrowing company which restricts their power.
a) Independent directors b) Nominee directors c) Experts d) Auditors
- Q-4 Statement 1: Retained earnings involves any explicit cost in the form of interest, dividend or flotation cost.
Statement 2: Retained earnings are uncertain source of fund.
- Q-5 The working capital requirement of a business is high if.....
a) Sales turnover of the business is high
b) It sells goods on credit
c) It has many expansion plans
d) All of the above
- Q-6 Primary goal of the business finance is to
a) Increase corporate value b) Increase brand value c) Reduce debt burden d) avail opportunities
- Q-7 Investor who wants steady income may not prefer
a) None of these

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- b) Debentures
- c) Equity shares
- D) Bonds

Q-8 GDR can be converted in shares _____

- a) At any time
- b) After 10 years
- c) after 5 years
- d) After 1 year

Q-9 Which of the following sources of finance used by a company does not involve any cost.

- a) Shares
- b) Debentures
- c) Trade credit
- d) Loan from financial institutions

Q-10. If the cash flow position of the company is strong, the company can raise the required fund by using _____ to enjoy tax.

Q. 11 Name the source of owned capital which is available free of cost.

Q-12 State the disadvantages of financial institutions as a source of finance.

Q-13 Sonal wants to start her own business dealing in high end crockery items. She decides to arrange for initial finance from her savings. However, her savings are not enough to fulfil all the initial needs of the business. She seeks help of her husband, who works for in government sector.

He advises her to start her business with limited finance and then use the revenues earned by to fulfil other financial requirements. Is the view of Sonal's husband justified? Why or Why not?

Q-14 Differentiate between owners fund and borrowed funds on the basis of

- 1) Reward
- 2) Security
- 3) Order of payment

Q-15 Seema owns a small farm to grow fruits. She wants to purchase neighbouring land and convert it to farm for increasing the variety of fruits. She wishes to take tractor and some other machines for the same. She also need some money to purchase the land. Which source of finance is required by Mary.

2) Short term b) Medium Term c) Long term d) Both (a) and (b)

Q-16 Assertion: Procedures for obtaining funds from commercial banks is complex.

Reason: Banks make detailed investigation of the company's affairs, financial structure, etc. interest charged by banks depends upon a number of factors, such as nature of advance, period for which loan is taken.

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