



INDIAN SCHOOL DARSAIT

DEPARTMENT OF COMMERCE



Subject : Business Studies Topic : Sources of Business Finance Date of Worksheet : 15/11/2017
Worksheet No.1
Resource Person: Saju Joseph Date of submission: 20/11/2017

Name of the Student : _____ Class & Division : XI _____ Roll Number : _____

Q. No.	Question	Mark
1.	<p>Qureshi plans to start a Thai food restaurant . He decided to approach a bank for a loan. His father advised him to raise finance for the business as his savings are insufficient for starting the business.</p> <p>In the context of the above case:</p> <p>(a) Define the term Business finance. (b) Outline the importance of business finance (c) The two types of funds on the basis of ownership are being discussed above. Identify and differentiate between them giving any three points.</p>	6
2.	<p>Havells India Ltd. A well known electrical appliance company is planning to set up their new factory in a rural village in Punjab. Identify its fixed capital requirements and how the company can raise funds for meeting those requirements.</p>	4
3.	<p>Sun Pharmaceutical Ltd. Raised funds from public by issue of 10,000 equity shares of ₹ 100 each to meet its fixed capital requirements.</p> <p>What is the return paid on equity shares? What are the benefits for the equity share holders ?</p>	4
4.	<p>Kothari Cement Ltd. made a profit of ₹ 50,00,000 in the year 2016-17. The company decided to :</p> <p>(a) transfer ₹ 10,00,000 to General Reserve for future purposes (b) distribute the remaining amount of ₹40,00,000 among the share holders.</p> <p>Identify the terms used in the above cases – (a) and (b)</p>	2
5.	<p>Apolo Ltd. is a public company registered under Companies Act 2013. Its Memorandum of Association states the share capital of</p> <p>(a) ₹ 1 crore. On 1st April 2017, the company issued (b) 1,00,000 equity shares of ₹ 50 each and (c) 1,00,000, 5% debentures of ₹ 20 each.</p>	3
6.	<p>Retained Earnings are better source of finance than any other sources of finance. Why? Explain with valid reasons.</p>	4
7.	<p>Who are the real owners of a company?</p>	1
8.	<p>What is meant by redemption?</p>	1



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9.	Who gets dividend at fixed rate?	
10.	<p>A company has the following assets and liabilities:</p> <p>Land & building ₹ 1,00,000 Machinery ₹ 80,000 Stock ₹ 20,000 Bills Receivables ₹ 15,000 Debtors ₹ 20,000 Cash ₹ 5,000 Bank ₹ 10,000 Bills payables ₹ 18,000 Creditors ₹ 12,000 Outstanding Expenses ₹ 5,000 Calculate Working Capital.</p>	2
11.	<p>After reading an advt. in the newspaper about an upcoming public issue of preference shares, of a pharmaceutical company, Tushar decided to invest money in that issue. He discussed his plan with Vikas, a share broker. Vikas advised him to invest in equity shares instead.</p> <p>Give any three possible reasons due to which Vikas advised him to do so.</p>	4
12.	<p>Infosystems Ltd. is an Indian Company. It plans to tap the US capital market through its forthcoming issue of equity shares. Outline the instrument through which it can raise funds from USA capital market. Also state the steps to raise funds from USA capital market.</p>	4
13.	<p>Recently when Mosac Ltd. was falling short of funds to meet its floatation cost of its upcoming issue of preference shares, the company decided to raise deposits from Rosaic Ltd which had surplus funds.</p> <p>In the case of above context:</p> <p>(a) Identify and explain the source of finance being discussed above. (b) State any two limitations of the source of finance discussed in the paragraph.</p>	4
14.	<p>Gunjan cinemas is a popular film company in Delhi. Keeping in view the growing culture of multiplex its owners have decided to make some changes in interiors creating lounge area, installing more effective sound systems etc. The company wants to raise required funds for a period of more than one year but less than five years.</p> <p>In the case of above context:</p> <p>(a) Identify & explain the type of funds the company wants to raise on the basis of time period. (b) Suggest one appropriate source of fund and state its merits.</p>	1



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15.	<p>Ding Dong Ltd. is planning to issue equity shares in the next four months. The directors are in the opinion that the company should raise some portion of the funds from international market through equity.</p> <p>In the case of above context:</p> <p>(a) State any four merits of raising fund through equity shares.</p> <p>(b) Explain briefly any one source through which the company can raise funds through international capital markets.</p>	2
16.	<p>Yamini bought 300, 10% cumulative preference shares of ACC Ltd. in 2016. The face value of the shares is Rs 100. She didn't receive any dividend in 2016 due to insufficient profit. In 2017 company made surplus profit.</p> <p>In the case of above context:</p> <p>(a) Calculate the dividend that she will receive in 2017.</p>	4
17.	<p>Ayushi is running a bakery shop in her residential colony for the past 5 years. She invested funds in different areas for smooth running of her business. She owns manufacturing unit, whereas the shop through which she operates is on rent. Recently she took a loan from the bank to install air conditioners and create provision for sitting for the customers by extending the shop area. Although she buys majority of the ingredients like flour, sugar, oil on 15 days credit from the local suppliers but sales are made only in cash.</p> <p>In the context of the above case:</p> <p>(a) Identify and explain the various external sources of finance that Ayushi has employed in her business.</p> <p>(b) Distinguish between internal and external sources of funds?</p>	6
18.	<p>Hitesh started his business with a small sweet shop in Delhi under the name "Swad". Over the years his business grew manifold, by the word of mouth and gradually became a household name in the sweet segments. Recently he procured a big export order. Although the exporter has promised to make some advance payments, Hitesh would still need more funds to meet the increased working capital requirements.</p> <p>In the context of the above case:</p> <p>(a) Suggest any two sources through which Hitesh can raise funds to meet the increased working capital requirements of his business.</p> <p>(b) Give any two merits of each of the suggested source of funds.</p>	6
19.	<p>Equity shares are permanent capital. Why?</p>	4



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20.	<p>Superb Ltd. is a company engaged in developing real estate, tourism and textiles. It plans to raise Rs. 100 crores for expansion. Presently there is a conflict among finance managers as to whether the company should float an issue of equity shares or debentures to raise the required funds. In the context of the above case:</p> <p>(a) Suggest two sources of funds considering that the company has not raised much debt capita. Support your answer with valid reasons</p>	6
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