

IMSc ITFIN Sem.-7 Examination

FITMSC-03

Financing New Business Ventures

Time : 2.30 Hours]

December-2025

[Max.Marks : 70

Instructions:

- Figures to the right indicate Full Marks.
- Do not write anything on the question paper.
- Simple calculator is allowed. Do not use a scientific calculator.

Q.1	Compare and contrast between Debt V/S Equity Financing for a New Business Venture, Write in detail.	14								
<u>OR</u>										
Q.1	Discuss the Scope of Equity Financing for Over a lifecycle, Write in detail.	14								
Q.2	What do you mean by the Term Long Term Finance and also mention the different Sources of Long-term Finance for a New Business Venture, Write in detail.	14								
<u>OR</u>										
Q.2	Discuss Lease Financing along with mention the advantages and disadvantages of Lease Financing for a Business Venture, Write in detail.	14								
Q.3	Discuss the Importance of International Finance for a Global Context, Write in detail.	14								
<u>OR</u>										
Q.3	What are the Factors that can be affected to the Requirements of a Working Capital for a New business Venture?	14								
Q.4	Stuti ltd. is considering to Purchase a Machine. Three Machine A, B and C are available, each Costing Rs.4,00,000. An Estimated life of Each Machine is 5 Years. There is no Scrap Value. The Company's Cost of Capital is 12%. The Tax Rate Applicable to the Company is 50%, The Expected Earnings before Depreciation and Taxes For the 3 Machines are as Follows:	14								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Year</th> <th>Machine A</th> <th>Machine B</th> <th>Machine C</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2,60,000</td> <td>1,40,000</td> <td>2,20,000</td> </tr> </tbody> </table>			Year	Machine A	Machine B	Machine C	1	2,60,000	1,40,000	2,20,000
Year	Machine A	Machine B	Machine C							
1	2,60,000	1,40,000	2,20,000							

2	2,00,000	1,60,000	2,60,000
3	1,60,000	2,60,000	1,60,000
4	1,40,000	2,00,000	1,20,000
5	1,00,000	1,20,000	1,40,000

Select the Most Profitable Machine using the Following Methods.

1. Pay- Back Period Method.
2. Net Present Value Method.

OR

Q.4

Suman ltd. is considering to Purchase a Machine. Three Machine A, B and C are available, each Costing Rs.4,00,000. An Estimated life of Each Machine is 5 Years.

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There is no Scrap Value, The Company's Cost of Capital is 10%. The Tax Rate Applicable to the Company is 50%, The Expected Earnings before Depreciation and Taxes For the 3 Machines are as Follows:

Year	Machine A	Machine B	Machine C
1	2,60,000	1,40,000	2,20,000
2	2,00,000	1,60,000	2,60,000
3	1,60,000	2,60,000	1,60,000
4	1,40,000	2,00,000	1,20,000
5	1,00,000	1,20,000	1,40,000

Select the Most Profitable Machine using the Following Methods.

1. Profitability Index Method.
2. Pay-Back Period Method.

Q.5

Write the Following (Any 7) (Each Contain 2 Marks)

14

1. Mention the Formula of Accounting Rate of Return
2. Mention the Formula of Profitability index.
3. Meaning of Working Capital
4. Meaning of Fixed Capital
5. Discuss any 2 Advantages of Crowd Funding
6. Formula of Net Working Capital
7. Discuss any 3 disadvantages of Crowd Funding.
8. International Finance
9. Initial Public Offering
10. Merger, Amalgamation