



BRAINWARE UNIVERSITY

Term End Examination 2024-2025

Programme – LL.B.-2021 /LL.B.-2022

Course Name – Law on Corporate Finance

Course Code - LLB503A

(Semester V)

Full Marks : 60

Time : 2:30 Hours

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question)

1 x 15=15

1. Choose the correct alternative from the following :

- (i) Identify the financial market for long-term funds.
 - a) Money market
 - b) Capital market
 - c) Primary market
 - d) Secondary Market
- (ii) Select among the following, which is involved in the book building process.
 - a) Efficient price discovery
 - b) Improving books of accounts
 - c) Price reduction
 - d) Booking a new apartment
- (iii) Report the main risks covered under the the credit rating analysis of CRISIL.
 - a) Business, financial and management
 - b) Business, financial and default
 - c) Financial, management and default
 - d) systematic, unsystematic and management
- (iv) Apply the provisions of section 52 and choose the purposes where premium money can be utilized.
 - a) Issue of fully paid bonus share
 - b) purchase of fixed assets
 - c) writing off preliminary expenses
 - d) bye back of own shares
- (v) State the objective of wealth maximization.
 - a) Maximizing shareholder wealth
 - b) Minimizing costs
 - c) Increasing sales
 - d) None of these
- (vi) Identify the financial statement that shows a company profitability over a period of time.
 - a) Income statement
 - b) Balance sheet
 - c) Cash flow statement
 - d) Statement of retained earnings
- (vii) Identify the type of risk that can be diversified away by investing in a portfolio of stocks.
 - a) Systematic risk
 - b) Unsystematic risk
 - c) Business risk
 - d) Financial risk

- (viii) Explain the significance of a company capitalization.
- It helps maintain short-term liquidity
 - It determines the market value of its shares
 - It reflects the balance of its equity and long-term debt
 - It ensures the company can meet all its liabilities
- (ix) Identify the type of financing that involves selling ownership shares in the company.
- Equity financing
 - Debt financing
 - Hybrid financing
 - Venture capital
- (x) Identify the type of financing that involves issuing bonds or other debt instruments.
- Equity financing
 - Debt financing
 - Hybrid financing
 - Venture capital
- (xi) Identify the type of financing that is often used by startups to raise capital.
- Equity financing
 - Debt financing
 - Hybrid financing
 - Venture capital
- (xii) Choose the main role of the RBI in the management of inflation.
- By controlling the supply of money through monetary policy
 - By fixing prices for commodities
 - By directly controlling government expenditure
 - By providing subsidies to consumers
- (xiii) Identify the correct term for the rate at which RBI lends to commercial banks.
- Base rate
 - Repo rate
 - Discount rate
 - Reverse Repo Rate
- (xiv) State the purpose of Regulation by Disclosure.
- To encourage businesses to maximize profits
 - To ensure transparency and accountability in financial markets
 - To reduce tax evasion by corporations
 - To promote mergers and acquisitions
- (xv) Choose the correct reason for the control on payment of dividends.
- To maximize profits for shareholders
 - To prevent capital dilution
 - To ensure the company has enough retained earnings for growth
 - To increase the company market value

Group-B

(Short Answer Type Questions)

3 x 5=15

- State the concept of effective return. (3)
- State the concept of working capital ratios. (3)
- Explain the Walter model. (3)
- Explain in brief the provision of companies act for creation of debenture redemption reserve. (3)
- Contrast the roles of an accountant and an auditor in the inspection of accounts. (3)

OR

- Illustrate the process of company registration with the Registrar of Companies. (3)

Group-C

(Long Answer Type Questions)

5 x 6=30

- Illustrate how debentures differ from ordinary shares in terms of risk and return. (5)
- Identify the various sources of working capital for a business. (5)
- Explain Director Identification Number. (5)
- Assess Negative lien. (5)

11. Explain what is SEBI role in corporate governance.

(5)

12. Explain the concept of forfeiture of share.

(5)

OR

Explain the concept of certificate of share.

(5)

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