INDIAN SCHOOL AL WADI AL

Class: XI	**Department: Commerce**
Subject: BST	**Sources of Finance**
Worksheet: 02	**Case Based Questions**

Case Studies (Source Based Questions)

1. Anshuman has been successfully running a financial consultancy from for past five years. His company has become popular and enjoy good reputation. It has sufficient reserves of profit accumulated from last five years. He plans now to start branches in Bangalore and Mumbai also. For expanding business does not want any additional liability. In the above context :
I. Suggest the source of finance suitable to Anshuman for expansion.
II. Give any merits and Demerits of that source.

2. Pink Pong Ltd. Is planning to float an issue of equity shares in the market in next six months. The directors of the company are also of the opinion that the company should raise some portion of funds from International Capital market through equity.
In context of above case.
(a) State any three merits of raising funds through equity shares.
(b) Explain the sources through with it can raise from International market through equity.

3. ABC Ltd. is planning to expand their business and need money. The finance manager reported that company is not in a position to bear extra burden of paying interest and equity shareholders insisted not to isssue more shares as there is risk of loosing control on issue of new shares in the market.
(a) Suggest a source of owner's fund suitable in above case.
(b) State any two advantages of this source.

4. Hine started a small sweet shop in Delhi under the name 'Mithai Wala'. Over the year, her business grew manifold by word of the month. Recently she procured a big export order. Although the exporter has promised to make some advance payments, Hine will still need some more funds to meet the working capital requirement.
I. Suggest any two sources through which Hina can raise funds to meet working capital requirement.
II. Give two merits of each of suggested source.

5. Enjoy Entertainment is a popular film entertainment company. Keepint in view the growing culture of multiplex, its owners have decided to make some changes in the interiors like creating a lounge area, installing more effective sound system etc. The company wants to raise the required for a period of more than one year but less than five years.
In context of above case.
I. Identify and explain the types of funds company seek to raise on the basis of Time period.
II. Give any two merits and demerits of that source.

6. Identify sources of finance in the following case and also state one merit for each of the following:
(a) is a permanent source of capital.
(b) If facilitates the purchase of goods without making an immediate payment.
(c) This source puts a permanent obligation on the company to pay interest irrespective of profits.
(d) Their holders do not enjoy voting rights though they have the status of owners.

7. Mayank wants to invest his savings in the financial security which provides higher returns and high liquidity control over business affairs.

a) Identify which of the following would be the most suitable security?
b) Discuss the demerits of the above mentioned type of finance identified in part (a).

8. Mr. Rohit, an individual investor, invests his own funds in the securities. He depends on investment income and does not want to take any risk. He is interested in the definite rate of income and safety of the principal. (a). Name the type of security that Mr. Rohit will opt for. (b). What does he receive as a return on his investment? (c). The return on investment which he receives is fixed or fluctuating.