INDIAN SCHOOL NIZWA

BUSINESS STUDIES		
CH.8_Sources of Finance		
Name: _________________	Date: _____________	Class: XI Sec: B

1	**Meaning, Nature, and Significance of Business Finance** 1. Define business finance. Why is it significant for businesses? 2. Explain the nature of business finance with suitable examples.
2	**Financial Needs of a Business** 3. Differentiate between fixed capital requirements and working capital requirements. 4. Why are fixed capital requirements important for long-term business operations? 5. How does working capital affect the daily operations of a business?
3	**Classification of Sources of Finance** ***Period Basis*** 6. Classify the sources of finance based on the time period and provide examples for each category. 7. What are the advantages and disadvantages of short-term finance? ***Ownership Basis*** 8. Distinguish between owned funds and borrowed funds with examples. 9. Why is ownership basis important when selecting a source of finance?
4	**Specific Sources of Finance** 10. What are retained earnings, and how can they be beneficial for a business? 11. Explain the concept of trade credit and its significance for businesses. 12. How does factoring work as a source of finance? 13. What is lease financing, and in which situations is it preferred? 14. Define public deposits. What are their advantages and limitations? 15. Describe commercial paper and its use in business finance. 16. Compare and contrast the issue of shares with the issue of debentures.
	Case Based Questions
1	Avantika, after completing his studies of Engineering and MBA, worked in the post of Manager in her father's business for five years. Now she wants to establish are and risky business of her own with the hope of earning more profit. She is confident that

	despite the new business being risky will yield her a huge profit. She integrated the resources of production with a view to establishing her business. Within a few days she established the unit, under the name of 'Avantika Easy Foods. For six months after starting her business, she faced several problems by and Enterprise in the above paragraph, afterwards the business proved to be a profit earning machine. Identify the Entrepreneur, Entrepreneurship, Enterprise in above paragraph.
2	Five friends, after getting training from the Entrepreneur Skill Centre, De established Limited Liability Partnership LLP with the objective of doing something new and better. As their firm fulfilled all the conditions of 'Startup', the Registration of their firm under the Scheme was done. To collect funds was a big problem before the partners. One day, with this objective in view, all the partners had a meeting A the partners gave their respective suggestions in this way. The first partner said, we should contact some such well-off people as are interested in the development of startups. For this purpose, several websites are available. In order to do so, we'll have to talk about our Project on any of the Websites available for this purpose. The second partner said, several such investors are there in the market interested in investing money in small quantities. In order to contact them several websites like 'Indiegogo' are available. The third partner gave his suggestion as such; we should invest only our own savings in the business. Besides, we can also get the help of our friends and relatives. Identify the different methods of Fund arrangement suggested in the above paragraph.
3	Manish has set up a manufacturing unit to produce all kinds of school and office supplies such as pencils, pens, paper of different varieties, notebooks, etc. in Noida. His total investment in Plant & Machinery is about 3 crore. Identify the category into which his business will fall as per the Micro, Small & Medium Enterprises Development (MSMED) Act, 2006.
4	Ram, Kabir and Gurpreet are three friends who belong to the same village. They have completed their MBA education from IIM, Ahmedabad. They want that the country should benefit from their education. With this aim they want to do such a business which will generate more employment and output, mobilize local resources and contribute to balance to regional development. For this this set up small scale industrial unit in their own village. Do you think they will be able to contribute to the development of rural, backward areas of the country. Explain