

## SHAKUNTALA KRISHNA INSTITUTE OF TECHNOLOGY KD- 64

ASSIGNMENT OF 20 LONG QUESTIONS

**SUBJECT: BUSINESS FINANCE**

**PAPER CODE:F010201T**

1. What are the key differences between **equity financing and debt financing**, and how should a business determine the optimal capital structure?
2. How does the **cost of capital** impact a company's investment decisions, and what factors influence the Weighted Average Cost of Capital (WACC)?
3. Discuss the **trade-off theory and pecking order theory** of capital structure. How do companies apply these theories in real-world financing decisions?
4. What role does **financial leverage** play in a company's risk and return profile, and how can businesses balance leverage to maximize shareholder value?
5. Explain the **Modigliani-Miller theorem** and its implications for corporate finance decision-making.
6. What are the primary financial risks businesses face (e.g., market risk, credit risk, operational risk), and how can they mitigate these risks through hedging and diversification?
7. How does a business evaluate the profitability and feasibility of an investment project using methods like **Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period**?
8. What are the advantages and disadvantages of using **real options analysis** in business investment decisions?
9. How do changes in **interest rates and inflation** affect business investment strategies and financial planning?
10. What are the key differences between **systematic and unsystematic risk**, and how can a business structure its portfolio to manage them effectively?
11. How do businesses use financial ratios (e.g., liquidity, profitability, solvency, efficiency) to assess financial health and operational efficiency?
12. Explain the significance of **cash flow statements** in financial decision-making and how they differ from income statements and balance sheets.
13. What are the implications of **earnings management and creative accounting** on financial statement integrity, and how can investors detect such practices?
14. How do businesses apply **break-even analysis** to determine the minimum sales required for profitability?
15. Why is working capital management critical for business success, and what strategies can companies use to optimize their working capital?

16. How does **corporate governance** influence financial decision-making, and what role does transparency play in investor confidence?
17. What are the ethical implications of **insider trading, fraudulent financial reporting, and corporate scandals** in financial markets?
18. How can businesses implement sustainable financial practices and integrate **Environmental, Social, and Governance (ESG) factors** into financial planning?
19. How do **foreign exchange rates and currency risk** impact multinational businesses, and what hedging strategies can firms use to manage exchange rate fluctuations?
20. What are the effects of **global financial crises and economic downturns** on business finance, and what strategies can companies use to maintain financial stability during uncertain times?