

National Testing Agency

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Fundamentals of Financial Management

Group Number :	1
Group Id :	899514155
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Show Attended Group? :	No
Edit Attended Group? :	No
Break time :	0
Group Marks :	100
Is this Group for Examiner? :	No

Fundamentals of Financial Management

Section Id :	899514217
Section Number :	1
Section type :	Online
Mandatory or Optional :	Mandatory
Number of Questions :	100
Number of Questions to be attempted :	100

Section Marks : 100
Mark As Answered Required? : Yes
Sub-Section Number : 1
Sub-Section Id : 899514258
Question Shuffling Allowed : Yes

Question Number : 1 Question Id : 89951413064 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

_____ deals with the procuring, financing and managing business assets to achieve the objectives of an organization.

1. Marketing Management
2. Financial Management
3. Human Resource Management
4. Production Manager

Options :

89951450831. 1
89951450832. 2
89951450833. 3
89951450834. 4

Question Number : 2 Question Id : 89951413065 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

Money being a store of value serves as _____ wealth.

1. Working
2. fixed
3. liquid
4. None of these

Options :

89951450835. 1
89951450836. 2
89951450837. 3
89951450838. 4

Question Number : 3 Question Id : 89951413066 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

A _____ is the highest-ranking person in a company or an institution, ultimately responsible for taking managerial decisions.

1. Chief Executive Officer (CEO)
2. Chief Finance Officer (CFO)
3. Board of Directors (BOD)
4. Managing Director (MD)

Options :

89951450839. 1
89951450840. 2
89951450841. 3
89951450842. 4

Question Number : 4 Question Id : 89951413067 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

When the capital requirement of a company is calculated on the basis of the capitalised value of its earning, is called as

1. Cost Theory
2. Price Theory
3. Earning Theory
4. Theory of Profit

Options :

89951450843. 1
89951450844. 2
89951450845. 3
89951450846. 4

Question Number : 5 Question Id : 89951413068 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The maturity period of a commercial paper usually ranges from

- 1. 20 to 40 days
- 2. 60 to 90 days
- 3. 15 to 365 days
- 4. 90 to 364 days

Options :

- 89951450847. 1
- 89951450848. 2
- 89951450849. 3
- 89951450850. 4

Question Number : 6 Question Id : 89951413069 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Insurance is a -----

- 1. Instrument
- 2. Contract
- 3. Agreement
- 4. Rating

Options :

- 89951450851. 1
- 89951450852. 2
- 89951450853. 3
- 89951450854. 4

Question Number : 7 Question Id : 89951413070 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Gordon suggested, the higher the earnings retention rate, the greater the required future return from investments to compensate for financial-----

1. Policy
2. Company
3. Profit
4. Risk

Options :

89951450855. 1
89951450856. 2
89951450857. 3
89951450858. 4

Question Number : 8 Question Id : 89951413071 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

-----study flow of funds beyond national boundaries

1. National Finance
2. Personal Finance
3. International Finance
4. Corporation Finance

Options :

89951450859. 1
89951450860. 2
89951450861. 3
89951450862. 4

Question Number : 9 Question Id : 89951413072 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

This approach is used for new establishment for valuation

1. Cost Theory
2. Price Theory
3. Earning Theory
4. Theory of Profit

Options :

- 89951450863. 1
- 89951450864. 2
- 89951450865. 3
- 89951450866. 4

Question Number : 10 Question Id : 89951413073 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following is not a regulatory institutions in Indian financial system?

1. RBI
2. CIBIL
3. SEBI
4. IRDA

Options :

- 89951450867. 1
- 89951450868. 2
- 89951450869. 3
- 89951450870. 4

Question Number : 11 Question Id : 89951413074 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Short term funds include

1. trade credit
2. factoring
3. commercial papers.
4. All of above

Options :

89951450871. 1
89951450872. 2
89951450873. 3
89951450874. 4

Question Number : 12 Question Id : 89951413075 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The conversion of dematerialized holdings back into certificates is called ‘ _____ ’

1. Rematerialisation
2. Dematerialisation
3. Depository Services
4. Mutual Fund

Options :

89951450875. 1
89951450876. 2
89951450877. 3
89951450878. 4

Question Number : 13 Question Id : 89951413076 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Dividend tax is payable @ -----% - surcharge + education

1. 13.5

2. 12.5

3. 18.5

4. 28.5

Options :

89951450879. 1

89951450880. 2

89951450881. 3

89951450882. 4

Question Number : 14 Question Id : 89951413077 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

.....responsible for financial reports, direct investment activities, and develop strategies and plans for the long-term financial goals of their organization.

1. Marketing Management
2. Financial Management
3. Human Resource Management
4. Production Manager .

Options :

89951450883. 1

89951450884. 2

89951450885. 3

89951450886. 4

Question Number : 15 Question Id : 89951413078 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Equity shareholders are called

1. owners of the company
2. Partners of the company
3. Executives of the company
4. Guardians of the company

Options :

89951450887. 1

89951450888. 2

89951450889. 3

89951450890. 4

Question Number : 16 Question Id : 89951413079 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

_____ are essentials to take important decisions on the basis of financial reports generated.

1. Communication Skills
2. Analytical skills
3. Leadership skills
4. Decision making skills

Options :

89951450891. 1

89951450892. 2

89951450893. 3

89951450894. 4

Question Number : 17 Question Id : 89951413080 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

_____ Elimination of risks associated with physical scrips such as theft, forgery, multilation, loss of share certificates etc.

1. Depository system
2. Depository Participants
3. Bank
4. Safe Deposit Lockers .

Options :

89951450895. 1
89951450896. 2
89951450897. 3
89951450898. 4

Question Number : 18 Question Id : 89951413081 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

For a newly started business, it is necessary to estimate properly the funds required for _____.

1. Current assets and Fixed capital
2. Fixed assets and Fixed capital
3. Fixed assets and Working capital
4. Current assets and Working capital.

Options :

89951450899. 1
89951450900. 2
89951450901. 3
89951450902. 4

Question Number : 19 Question Id : 89951413082 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

A certain share of----- to be distributed as dividend.

1. Losses
2. Earnings
3. Funds
4. Cash

Options :

89951450903. 1
89951450904. 2
89951450905. 3
89951450906. 4

**Question Number : 20 Question Id : 89951413083 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

..... Skill is required In preparing and analysing reports such as balance sheets and income statements for financial manager

1. Communication
2. Critical thinking
3. Leadership
4. Decision making

Options :

89951450907. 1
89951450908. 2
89951450909. 3
89951450910. 4

**Question Number : 21 Question Id : 89951413084 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Which of the following carry fixed rate of interest and are to be paid off irrespective of the firm's revenue?

1. Debentures, Dividends
2. Debentures, Bonds
3. Dividends, Bonds
4. Dividends, Treasury notes

Options :

89951450911. 1

89951450912. 2

89951450913. 3

89951450914. 4

Question Number : 22 Question Id : 89951413085 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The process of managing the sales ledger of a client by financial service company is called-----

1. Forfeiting
2. Factoring
3. Leasing
4. None of these

Options :

89951450915. 1

89951450916. 2

89951450917. 3

89951450918. 4

Question Number : 23 Question Id : 89951413086 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Medium of exchange and measure of value are _____.

1. Secondary functions;
2. contingent function
3. primary functions
4. Subsidiary function

Options :

89951450919. 1

89951450920. 2

89951450921. 3

89951450922. 4

Question Number : 24 Question Id : 89951413087 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Growth Rate = Return on Equity * _____.

1. Lower Retention Ratio
2. Dividend Payout Ratio
3. Higher Retention Ratio
4. Retention Ratio

Options :

89951450923. 1

89951450924. 2

89951450925. 3

89951450926. 4

Question Number : 25 Question Id : 89951413088 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Profit maximizes emphasizes the

1. long term
2. short term
3. medium term
4. wider term

Options :

89951450927. 1

89951450928. 2

89951450929. 3

89951450930. 4

Question Number : 26 Question Id : 89951413089 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

_____prefer high dividend on their investment

1. Income investors
2. Growth investors
3. Preference Shareholders
4. All of the above .

Options :

89951450931. 1

89951450932. 2

89951450933. 3

89951450934. 4

Question Number : 27 Question Id : 89951413090 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Forecasting of financial requirements is.....

1. administration function
2. executive function
3. routine function
4. cash management function .

Options :

89951450935. 1

89951450936. 2

89951450937. 3

89951450938. 4

Question Number : 28 Question Id : 89951413091 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Earnings which is distributed among shareholders in the form of dividend is called _____

1. Retention Ratio
2. Earnings-yield Ratio
3. Payout Ratio
4. Proprietary Ratio

Options :

89951450939. 1

89951450940. 2

89951450941. 3

89951450942. 4

Question Number : 29 Question Id : 89951413092 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

A company has internal rate of return of 15%. Its retention ratio is 60%. What is company's growth rate?

1. 9%
2. 6%
3. 12%
4. 7.5%

Options :

- 89951450943. 1
- 89951450944. 2
- 89951450945. 3
- 89951450946. 4

Question Number : 30 Question Id : 89951413093 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following factors determine the dividend policy?

- 1. Legal Environment
- 2. Inflation
- 3. Change in management
- 4. All of the above

Options :

- 89951450947. 1
- 89951450948. 2
- 89951450949. 3
- 89951450950. 4

Question Number : 31 Question Id : 89951413094 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Elements of financial management include

- 1. financial planning
- 2. financial control
- 3. financial decision making
- 4. all of above

Options :

- 89951450951. 1
- 89951450952. 2
- 89951450953. 3
- 89951450954. 4

Question Number : 32 Question Id : 89951413095 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

In a company form of business, the wealth created is reflected in the ----- of its shares.

1. Dividends declared
2. Dividend growth
3. Market value
4. Assets value .

Options :

89951450955. 1

89951450956. 2

89951450957. 3

89951450958. 4

Question Number : 33 Question Id : 89951413096 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

The growing inconvenience of _____ in the complex economic societies necessitated the invention of money.

1. Barter
2. finance
3. exchange
4. finance .

Options :

89951450959. 1

89951450960. 2

89951450961. 3

89951450962. 4

Question Number : 34 Question Id : 89951413097 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Types of business risks include

1. strategic risks
2. compliance risks
3. operational risks
4. all of above.

Options :

89951450963. 1

89951450964. 2

89951450965. 3

89951450966. 4

Question Number : 35 Question Id : 89951413098 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

What is the Full form of NSCCL

1. National Securities Clearing Corporation Limited
2. National Securities Cleaning Corporation Limited
3. National Shares Clearing Corporation Limited
4. National Securities Clearing Company Limited .

Options :

89951450967. 1

89951450968. 2

89951450969. 3

89951450970. 4

Question Number : 36 Question Id : 89951413099 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Generally mutual funds are of-----

1. High risk
2. Risk free
3. Low risk
4. None of the above

Options :

89951450971. 1
89951450972. 2
89951450973. 3
89951450974. 4

Question Number : 37 Question Id : 89951413100 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

A firm has EBIT of Rs. 50,000. Market value of debt is Rs. 80,000 and overall capitalization rate is 20%. Market value of firm under NOI Approach is:

1. Rs. 2,50,000
2. Rs. 1,70,000
3. Rs. 30,000
4. Rs. 1,30,000.

Options :

89951450975. 1
89951450976. 2
89951450977. 3
89951450978. 4

Question Number : 38 Question Id : 89951413101 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Insufficient funds by investors are

1. reputational risk
2. political risk
3. funding risk
4. operational risk

Options :

89951450979. 1

89951450980. 2

89951450981. 3

89951450982. 4

Question Number : 39 Question Id : 89951413102 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Which of the following is irrelevant for optimal capital structure?

1. Flexibility
2. Solvency
3. Liquidity
4. Control

Options :

89951450983. 1

89951450984. 2

89951450985. 3

89951450986. 4

Question Number : 40 Question Id : 89951413103 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

The forward sale of purchase of foreign currency to reduce the exchange risk exposure connected with the assets or liabilities denominated in Foreign currency is called:

1. Hedging
2. Squaring
3. Brokering
4. Spreading

Options :

89951450987. 1

89951450988. 2

89951450989. 3

89951450990. 4

Question Number : 41 Question Id : 89951413104 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Which of the following assumes constant k_d and k_e ?

1. Net Income Approach
2. Net Operating Income approach
3. Traditional Approach
4. MM Model

Options :

89951450991. 1

89951450992. 2

89951450993. 3

89951450994. 4

Question Number : 42 Question Id : 89951413105 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

A contract which affords adequate protection to an exporter or an importer against exchange risk is :

- 1.Hedging
- 2.Guarantee
- 3.Letter of Credit
- 4.Forward Contract

Options :

- 89951450995. 1
- 89951450996. 2
- 89951450997. 3
- 89951450998. 4

Question Number : 43 Question Id : 89951413106 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The term capital structure means

- 1.Long term debt, preferred stock and equity shares
- 2.Current Assets and Current Liabilities
- 3.Net working capital
- 4.Shareholder's equity

Options :

- 89951450999. 1
- 89951451000. 2
- 89951451001. 3
- 89951451002. 4

Question Number : 44 Question Id : 89951413107 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Financial management process deals with

1. Investments
2. Financing decisions
3. Both a and b
4. None of the above

Options :

89951451003. 1
89951451004. 2
89951451005. 3
89951451006. 4

Question Number : 45 Question Id : 89951413108 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Risk arises due to

1. uncertainty
2. flexibility
3. inflation
4. deflation

Options :

89951451007. 1
89951451008. 2
89951451009. 3
89951451010. 4

Question Number : 46 Question Id : 89951413109 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

The M & M approach closely looks like to the _____ approach.

1. net operating leverage
2. net operating equity
3. net operating loss
4. net operating income

Options :

89951451011. 1

89951451012. 2

89951451013. 3

89951451014. 4

Question Number : 47 Question Id : 89951413110 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

The statutory authority which administers the Exchange Control in India:

1. DGFT
2. FEDAI
3. RBI
4. FEMA

Options :

89951451015. 1

89951451016. 2

89951451017. 3

89951451018. 4

Question Number : 48 Question Id : 89951413111 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Cost of borrowed capital is also known as

1. Hurdle rate
2. Cut off rate
3. Minimum Alternate Rate
4. All of the above

Options :

89951451019. 1
89951451020. 2
89951451021. 3
89951451022. 4

**Question Number : 49 Question Id : 89951413112 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

_____ of capital structure believes the existence of optimal capital structure.

1. Net Income approach
2. Traditional approach
3. M & M approach
4. Net operating income approach

Options :

89951451023. 1
89951451024. 2
89951451025. 3
89951451026. 4

**Question Number : 50 Question Id : 89951413113 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

The amount of capital required by the company is calculated by adding up the cost of its fixed assets, the amount of its working capital and the cost of establishing the business, is called as

1. Cost Theory
2. Price Theory
3. Earning Theory
4. Theory of Profit

Options :

89951451027. 1
89951451028. 2
89951451029. 3
89951451030. 4

Question Number : 51 Question Id : 89951413114 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

An optimum dividend policy should strike a balance between ----- and ----- in order to maximise the wealth of the shareholders.

1. Current dividend, future dividend
2. Current dividend, future growth
3. Retention ratio, dividend
4. Growth ratio , payout ratio .

Options :

89951451031. 1
89951451032. 2
89951451033. 3
89951451034. 4

Question Number : 52 Question Id : 89951413115 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

If the company raises the capital by way of _____, the risk on the part of the company is minimum.

1. equity capital
2. preferred stock
3. debenture
4. long-term loan

Options :

89951451035. 1
89951451036. 2
89951451037. 3
89951451038. 4

Question Number : 53 Question Id : 89951413116 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

In capital structure planning, issued securities are _____.

- 1.easily transferable
- 2.not transferable
- 3.converted into current liabilities
- 4.converted into loans

Options :

89951451039. 1
89951451040. 2
89951451041. 3
89951451042. 4

Question Number : 54 Question Id : 89951413117 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

..... Debentures are the debentures which are to be repaid after a certain period

1. Redeemable
2. Irredeemable
3. Convertible
4. None of these

Options :

- 89951451043. 1
- 89951451044. 2
- 89951451045. 3
- 89951451046. 4

Question Number : 55 Question Id : 89951413118 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The term capital structure means _____.

1. financing mix
2. debt mix
3. asset mix
4. fixed capital mix

Options :

- 89951451047. 1
- 89951451048. 2
- 89951451049. 3

89951451050. 4

Question Number : 56 Question Id : 89951413119 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

..... cost of capital is the actual cash outflow incurred for the use of borrowed funds

1. Explicit
2. Implicit
3. Total
4. None of these

Options :

89951451051. 1
89951451052. 2
89951451053. 3
89951451054. 4

Question Number : 57 Question Id : 89951413120 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

According to Constant Dividend per Share dividend policy a company follows a policy of paying a certain
-----as dividend

1. Fixed % per share
2. Fixed amount per shareholder
3. Fixed % per shareholder
4. Fixed % per shareholder

Options :

89951451055. 1
89951451056. 2
89951451057. 3
89951451058. 4

Question Number : 58 Question Id : 89951413121 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

If EBIT is Rs.1500000, interest is Rs.250000, corporate tax is 40%, degree of financial leverage is

1. 1.11
2. 1.21
3. 1.25
4. 1.20

Options :

89951451059. 1
89951451060. 2
89951451061. 3
89951451062. 4

**Question Number : 59 Question Id : 89951413122 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Purchase of machinery is.....decision

1. Current
2. Investment
3. Capital
4. Cash

Options :

89951451063. 1
89951451064. 2
89951451065. 3
89951451066. 4

**Question Number : 60 Question Id : 89951413123 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Operating leverage may be defined as contribution -----

1. EBIT
2. EBT
3. Sales
4. None of these

Options :

89951451067. 1
89951451068. 2
89951451069. 3
89951451070. 4

Question Number : 61 Question Id : 89951413124 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Trade credit is granted to

1. Manufacturer and traders
2. Customers
3. Government
4. Supplier

Options :

89951451071. 1
89951451072. 2
89951451073. 3
89951451074. 4

Question Number : 62 Question Id : 89951413125 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

----- analyses the relationship between sales level and EPS.

1. Financial Leverage
2. Operating leverage
3. Combined Leverage
4. None of these

Options :

89951451075. 1
89951451076. 2
89951451077. 3
89951451078. 4

**Question Number : 63 Question Id : 89951413126 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Combined Leverage depends upon -----.

1. Only Financial Leverage
2. Only Operational Leverage
3. Both Operating and Financial Leverage
4. None of these

Options :

89951451079. 1
89951451080. 2
89951451081. 3
89951451082. 4

**Question Number : 64 Question Id : 89951413127 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Computation of financial leverage when there is equity share capital and debt capital and no preference share capital-

1. EBIT/Contribution

2. EBIT/EBT

3. EBIT/Sales

4. EBIT/Variable Costs

Options :

89951451083. 1

89951451084. 2

89951451085. 3

89951451086. 4

Question Number : 65 Question Id : 89951413128 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Relationship between changes in sales and changes in operating profit is known as

1. Operating Leverage

2. Financial Leverage

3. Net Profit Ratio

4. Gross Profit Ratio

Options :

89951451087. 1

89951451088. 2

89951451089. 3

89951451090. 4

Question Number : 66 Question Id : 89951413129 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Customers Advances are issued to

1. Government
2. Creditors
3. Debtors
4. Customers

Options :

89951451091. 1

89951451092. 2

89951451093. 3

89951451094. 4

Question Number : 67 Question Id : 89951413130 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Methods of Capital Budgeting are

1. Accounting rate of return,
2. Payback period,
3. Net present value,
4. All of above

Options :

89951451095. 1

89951451096. 2

89951451097. 3

89951451098. 4

Question Number : 68 Question Id : 89951413131 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Short term investments includes

1. securities purchased and held for sale
2. securities for long period
3. securities for short period
4. securities for moderate period

Options :

89951451099. 1

89951451100. 2

89951451101. 3

89951451102. 4

Question Number : 69 Question Id : 89951413132 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Goodwill is an

1. Tangible Asset
2. Intangible Asset
3. Fictitious Asset
4. None of above

Options :

89951451103. 1

89951451104. 2

89951451105. 3

89951451106. 4

Question Number : 70 Question Id : 89951413133 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Current Assets are for

1. Long Time Span
2. Short Time Span
3. Middle Time Span
4. Moderate Time Span

Options :

89951451107. 1

89951451108. 2

89951451109. 3

89951451110. 4

Question Number : 71 Question Id : 89951413134 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The term on which financial institutions provide loans such as interest rates, collateral, duration also effect on capital budgeting decisions.

1. Lending policies
2. Capital structure
3. Working capital
4. Return on capital

Options :

89951451111. 1

89951451112. 2

89951451113. 3

89951451114. 4

Question Number : 72 Question Id : 89951413135 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Asset valuation helps to identify the

1. Right Price
2. Market Price
3. Cost Price
4. None of above

Options :

89951451115. 1

89951451116. 2

89951451117. 3

89951451118. 4

Question Number : 73 Question Id : 89951413136 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Material purchase is written under....in cash budget

1. Opening Balance
2. Payments
3. Receipt
4. Closing Balance

Options :

89951451119. 1

89951451120. 2

89951451121. 3

89951451122. 4

Question Number : 74 Question Id : 89951413137 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

The method bases the value of the asset on its market price or its projected price when sold in the open market

1. Cost Method
2. Market Value Method
3. Base Stock Method
4. Standard Stock Method

Options :

- 89951451123. 1
- 89951451124. 2
- 89951451125. 3
- 89951451126. 4

Question Number : 75 Question Id : 89951413138 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Technique of pay back period is used as a technique of

1. internal rate of return
2. budget
3. capital budget
4. none of this

Options :

- 89951451127. 1
- 89951451128. 2
- 89951451129. 3
- 89951451130. 4

Question Number : 76 Question Id : 89951413139 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Suppose investment is \$ 7500 and return is \$ 2500 per year. Then payback period is 3 years.

1. 1 year
2. 2 years
3. 3 years
4. 4 years

Options :

89951451131. 1

89951451132. 2

89951451133. 3

89951451134. 4

Question Number : 77 Question Id : 89951413140 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Raw materials, components, and finished products are included as

1. Fixed Asset
2. Current Asset
3. Current liabilities
4. Secured liability

Options :

89951451135. 1

89951451136. 2

89951451137. 3

89951451138. 4

Question Number : 78 Question Id : 89951413141 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

..... Formula = Total initial capital investment /Expected annual after-tax cash inflow

1.Internal Rate of return

2.Pay Back Period

3.Cash Flow

4.Fund flow

Options :

89951451139. 1

89951451140. 2

89951451141. 3

89951451142. 4

Question Number : 79 Question Id : 89951413142 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Depreciation is charged on

1. Fixed Asset

2. Current Asset

3. Tangible Asset

4. Intangible Asset

Options :

89951451143. 1

89951451144. 2

89951451145. 3

89951451146. 4

Question Number : 80 Question Id : 89951413143 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Discount factor multiplied by cash flow of the year will give you

1. Cost of capital
2. Net Present Value
3. Internal rate of return
4. Return on investment

Options :

89951451147. 1

89951451148. 2

89951451149. 3

89951451150. 4

Question Number : 81 Question Id : 89951413144 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Following is not the example of payment under Cash Budget

1. Rent paid
2. Electricity
3. Carriage Inward
4. Dividend Received

Options :

89951451151. 1

89951451152. 2

89951451153. 3

89951451154. 4

Question Number : 82 Question Id : 89951413145 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Compared to manufacturing sector, service sector requires...

1. Less working capital
2. More working capital
3. More or less same working capital
4. Moderate working capital

Options :

89951451155. 1

89951451156. 2

89951451157. 3

89951451158. 4

Question Number : 83 Question Id : 89951413146 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Following is the example of holding cash by transaction motive

1. Provision for Strike
2. Provision for Flood
3. Payment for Salary
4. Increase of interest rate

Options :

89951451159. 1

89951451160. 2

89951451161. 3

89951451162. 4

Question Number : 84 Question Id : 89951413147 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Gross working capital means...

1. Total current liabilities
2. Total current assets
3. Current assets minus Current liabilities
4. Current assets plus current liabilities

Options :

- 89951451163. 1
- 89951451164. 2
- 89951451165. 3
- 89951451166. 4

Question Number : 85 Question Id : 89951413148 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Cash budget is more helpful in those business concerns where there are

- 1.No seasonal fluctuations
- 2. Wide seasonal fluctuations
- 3. Rare seasonal fluctuations
- 4. All of the above

Options :

- 89951451167. 1
- 89951451168. 2
- 89951451169. 3
- 89951451170. 4

Question Number : 86 Question Id : 89951413149 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which is not included in current assets

- 1. Debtors
- 2. Bills payable
- 3. Cash in hand
- 4. Inventory

Options :

- 89951451171. 1
- 89951451172. 2
- 89951451173. 3
- 89951451174. 4

Question Number : 87 Question Id : 89951413150 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

Internal Rate of Return considers

1. Time value of money
2. Historical value of money
3. Historical as well as time value of money
4. None of the above

Options :

89951451175. 1
89951451176. 2
89951451177. 3
89951451178. 4

Question Number : 88 Question Id : 89951413151 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

It is required to meet the seasonal needs of the enterprise

1. Permanent working capital
2. Regular working capital
3. Seasonal working capital
4. Temporary working capital

Options :

89951451179. 1
89951451180. 2
89951451181. 3
89951451182. 4

Question Number : 89 Question Id : 89951413152 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

In case of more than one project rule of acceptance will be -----

1. Accept the project having highest NPV
2. Accept the project having lowest NPV
3. Accept the project having average NPV
4. None of these

Options :

89951451183. 1

89951451184. 2

89951451185. 3

89951451186. 4

Question Number : 90 Question Id : 89951413153 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Under ----- if the present value of future cash flow is higher than the initial cash outlay, the project is selected otherwise rejected.

1. Net Present Value Method
2. Payback period method
3. Accounting rate of return method
4. None of these

Options :

89951451187. 1

89951451188. 2

89951451189. 3

89951451190. 4

Question Number : 91 Question Id : 89951413154 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

IRR focuses on ____

- 1 the breakeven cash flow level of a project.
- 2 surpluses arising from a project
- 3 losses arising out of project
- 4 Surpluses and losses arising out of project

Options :

- 89951451191. 1
- 89951451192. 2
- 89951451193. 3
- 89951451194. 4

Question Number : 92 Question Id : 89951413155 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Seasonal working capital is-----

1. Required to meet seasonal needs of the organization
2. Permanently required
3. Fluctuating in nature
4. None of the above

Options :

- 89951451195. 1
- 89951451196. 2
- 89951451197. 3
- 89951451198. 4

Question Number : 93 Question Id : 89951413156 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Cash management is one of the important areas of management

1. Working Capital
2. Fixed Capital
3. Capital
4. None of these

Options :

89951451199. 1

89951451200. 2

89951451201. 3

89951451202. 4

Question Number : 94 Question Id : 89951413157 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Issue of Share capital is

- 1.Cash flow from financing activities
- 2.Cash flow from investing activities
- 3.Cash flow from operating activities
- 4.Cash outflow from financing activities

Options :

89951451203. 1

89951451204. 2

89951451205. 3

89951451206. 4

Question Number : 95 Question Id : 89951413158 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Longer the process period -----

1. Lesser will be working capital
2. Larger will be the working capital
3. Minimum will be the working capital
4. None of the above

Options :

- 89951451207. 1
- 89951451208. 2
- 89951451209. 3
- 89951451210. 4

Question Number : 96 Question Id : 89951413159 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Increase in outstanding salaries result in...

- 1. Increase in cash outflow
- 2. Increase in working capital
- 3. Decrease in funds flow
- 4. Decrease in cash outflow

Options :

- 89951451211. 1
- 89951451212. 2
- 89951451213. 3
- 89951451214. 4

Question Number : 97 Question Id : 89951413160 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

CFS Cash Flow Statement is made mandatory according to which standards?

- 1. Accounting Standards
- 2. Accounting Standards – 3
- 3. Accounting Standards – 3 (Revised)
- 4. Accounting Standards - 4

Options :

- 89951451215. 1
- 89951451216. 2
- 89951451217. 3
- 89951451218. 4

Question Number : 98 Question Id : 89951413161 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

In a factoring non-recourse transaction, the loss resulting from bad debts is born by....

1. an intermediate organization
2. the finance manager of the organization
3. the organization selling the accounts receivable
4. the organization buying the accounts receivable

Options :

89951451219. 1
89951451220. 2
89951451221. 3
89951451222. 4

Question Number : 99 Question Id : 89951413162 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

Profit maximization is a short term goal which can be achieved at the expense of the firm and it's

1. stockholders
2. depositors
3. creditors
4. debtors.

Options :

89951451223. 1
89951451224. 2
89951451225. 3
89951451226. 4

Question Number : 100 Question Id : 89951413163 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

Accounts receivable are reported in the balance sheet at -----

1. at face value
2. at gross value
3. at net realizable value
4. none of the above

Options :

89951451227. 1

89951451228. 2

89951451229. 3

89951451230. 4