

National Testing Agency

Question Paper Name :	Financial Management 30 Sep 2020 Shift 2
Subject Name :	Financial Management
Creation Date :	2020-09-30 18:37:37
Duration :	180
Number of Questions :	100
Total Marks :	100
Display Marks:	Yes

Financial Management

Group Number :	1
Group Id :	899514192
Group Maximum Duration :	0
Group Minimum Duration :	120
Show Attended Group? :	No
Edit Attended Group? :	No
Break time :	0
Group Marks :	100
Is this Group for Examiner? :	No

Financial Management

Section Id :	899514264
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 : 899514309
Question Shuffling Allowed : Yes

Question Number : 1 Question Id : 89951416331 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

The objective of the financial Management is

1. Reducing Cost
2. Increasing revenue
3. Maximization of wealth and minimizing cost
4. Exploring revenue opportunities

Options :

89951463719. 1
89951463720. 2
89951463721. 3
89951463722. 4

Question Number : 2 Question Id : 89951416332 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

..... means present value of inflow minus present value of outflow.

1. Profitability index.
2. Discounted Payback period
3. Internal rate of return
4. Net present value

Options :

89951463723. 1
89951463724. 2
89951463725. 3

89951463726. 4

Question Number : 3 Question Id : 89951416333 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Net present value techniques uses rate for finding out present value of inflows

1. Discounting
2. Compounding
3. Average
4. Minimum

Options :

89951463727. 1
89951463728. 2
89951463729. 3
89951463730. 4

Question Number : 4 Question Id : 89951416334 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Current Ratio is computed as

1. Current Liability/ Current Assets
2. Current Assets/ Total Assets
3. Current Assets/ Current Liabilities
4. Total Assets/ Debts

Options :

89951463731. 1
89951463732. 2
89951463733. 3
89951463734. 4

Question Number : 5 Question Id : 89951416335 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Fixed Assets Turnover Ratio is Computed as

1. Net sales/ Net fixed assets
2. Gross sales/ Current assets
3. Net fixed assets/ Gross Sales
4. Working Capital/ Net fixed assets

Options :

89951463735. 1
89951463736. 2
89951463737. 3
89951463738. 4

Question Number : 6 Question Id : 89951416336 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

What shall be Stock turnover ratio if Cost of goods sold is Rs.6,75,000 and Average stock is Rs. 46,875

1. 15 times
2. 14.4 times
3. 12 times
4. 10 times

Options :

89951463739. 1
89951463740. 2
89951463741. 3
89951463742. 4

Question Number : 7 Question Id : 89951416337 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Earning Yield is computed as

1. $\text{EPS} / \text{MPS} \times 100$
2. $\text{MPS} / \text{EPS} \times 100$
3. $\text{DPS} / \text{EPS} \times 100$
4. $\text{DPS} / \text{MPS} \times 100$

Options :

89951463743. 1
89951463744. 2
89951463745. 3
89951463746. 4

Question Number : 8 Question Id : 89951416338 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

Present value of inflow is Rs.1200 and present value of Outflow is Rs.1000, NPV will be

1. 2200
2. 1000
3. 200
4. 1200

Options :

89951463747. 1
89951463748. 2
89951463749. 3
89951463750. 4

Question Number : 9 Question Id : 89951416339 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

Recovery of working capital at the end of the project is an example of

1. Interim Cash flows
2. Terminal Cash flows
3. Initial cost of investment
4. None of the above

Options :

89951463751. 1
89951463752. 2
89951463753. 3
89951463754. 4

**Question Number : 10 Question Id : 89951416340 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

If net investment is 12000/- and annual cash flow is 2000 what will be the payback period

1. 6Years
2. 4 years
3. 3 years
4. 2 years

Options :

89951463755. 1
89951463756. 2
89951463757. 3
89951463758. 4

**Question Number : 11 Question Id : 89951416341 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

The proposal is accepted when net present value is

1. Negative
2. Positive
3. Zero
4. Depends upon the data provided

Options :

89951463759. 1
89951463760. 2
89951463761. 3
89951463762. 4

**Question Number : 12 Question Id : 89951416342 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Which of the following technique does not consider time value of money?

1. Net Present Value
2. Accounting Rate of Return
3. Internal Rate of Return
4. Profitability Index

Options :

89951463763. 1
89951463764. 2
89951463765. 3
89951463766. 4

**Question Number : 13 Question Id : 89951416343 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

The discounted rate is the of capital of a project which is equal to the required rate of return expected by investors on investments of equivalent risk

- 1.Imaginary Cost
- 2.Notional Cost
- 3.Real Cost
- 4.Opportunity cost

Options :

89951463767. 1
89951463768. 2
89951463769. 3
89951463770. 4

Question Number : 14 Question Id : 89951416344 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

This method is also known as benefit cost ratio

- 1.Profitability Index
- 2.Net Present Value
3. Internal rate of return
- 4.Payback Period

Options :

89951463771. 1
89951463772. 2
89951463773. 3
89951463774. 4

Question Number : 15 Question Id : 89951416345 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Net present value considers.....

- 1.Time Value
- 2 Discounted factors
- 3.Cash flows
- 4.all the above

Options :

- 89951463775. 1
- 89951463776. 2
- 89951463777. 3
- 89951463778. 4

Question Number : 16 Question Id : 89951416346 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

..... is the return a firm pays to equity shareholders for their investment in firm

- 1.Cost of Debt
- 2.Cost of Preference Share Capital
- 3.Cost of Capital
- 4.None of above

Options :

- 89951463779. 1
- 89951463780. 2
- 89951463781. 3
- 89951463782. 4

Question Number : 17 Question Id : 89951416347 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Effective rate of interest paid on debts is also known as.....

1. Cost of retained earnings
2. Cost of Equity
3. Cost of Debts
4. Cost of Preference Shares

Options :

89951463783. 1
89951463784. 2
89951463785. 3
89951463786. 4

Question Number : 18 Question Id : 89951416348 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The is a calculation of a firm's cost of capital in which each category of capital is proportionately weighted

1. weighted average cost of capital (WACC)
2. Cost of retained earnings
3. Cost of debts
4. Cost of preference share capital

Options :

89951463787. 1
89951463788. 2
89951463789. 3
89951463790. 4

Question Number : 19 Question Id : 89951416349 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

DOL xDOF will provide the

1. Combined leverage
2. Mixed leverage
3. Composite leverage
4. Cross leverage

Options :

89951463791. 1
89951463792. 2
89951463793. 3
89951463794. 4

Question Number : 20 Question Id : 89951416350 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Sales is Rs 12,00,000 and Total assets are Rs 4,00,000 the total asset turnover ratio will be

1. four
2. five
3. three
4. six

Options :

89951463795. 1
89951463796. 2
89951463797. 3
89951463798. 4

Question Number : 21 Question Id : 89951416351 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

..... is defined as the variability of earnings before interest and tax.

- 1.Reputation Risk
- 2.Business Risk
- 3.Financial Risk
4. Natural Risk

Options :

89951463799. 1
89951463800. 2
89951463801. 3
89951463802. 4

Question Number : 22 Question Id : 89951416352 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which risk results because of use of financial leverage (source of funds bearing fixed financial payments like debts)

- 1.Natural Risk
- 2.Business Risk
- 3.Finanical Risk
- 4.Reputation Risk

Options :

89951463803. 1
89951463804. 2
89951463805. 3
89951463806. 4

Question Number : 23 Question Id : 89951416353 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Retention ratio is 0.60 and return on equity is 15.5% then growth retention model would be

- 1 0.149
2. 0.2584
3. 0.161
- 4 0.093

Options :

89951463807. 1
89951463808. 2
89951463809. 3
89951463810. 4

Question Number : 24 Question Id : 89951416354 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Cost of capital is equal to required return rate on equity in case if investors are only

- 1.Valuation Manager
- 2.Common Stockholders
- 3.Assets seller
- 4.Equity Seller

Options :

89951463811. 1
89951463812. 2
89951463813. 3
89951463814. 4

Question Number : 25 Question Id : 89951416355 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

In weighted average cost of capital, a company can affect its capital cost through

1. Policy of capital structure
2. Policy of Dividend
3. Policy of Investment
4. All of above

Options :

- 89951463815. 1
- 89951463816. 2
- 89951463817. 3
- 89951463818. 4

Question Number : 26 Question Id : 89951416356 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

During planning period, a marginal cost for raising a new debt is classified as

1. Debt Cost
2. Borrowing Cost
3. Relevant Cost
4. Embedded Cost

Options :

- 89951463819. 1
- 89951463820. 2
- 89951463821. 3
- 89951463822. 4

Question Number : 27 Question Id : 89951416357 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Interest rate is 12% and tax savings (1-0.40) then after-tax component cost of debt will be

1. 0.072
2. 8.2 times
3. 17.14
4. 18 times

Options :

89951463823. 1
89951463824. 2
89951463825. 3
89951463826. 4

**Question Number : 28 Question Id : 89951416358 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Average stock level is computed as

1. (reorder Level+ Reorder quantity)/2
- 2.(Minimum Level + Maximum Level)/2
- 3.Maximum consumption X Maximum reorder period
4. None of the above

Options :

89951463827. 1
89951463828. 2
89951463829. 3
89951463830. 4

**Question Number : 29 Question Id : 89951416359 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Which of the following capital budgeting techniques takes into account the incremental accounting income rather than cash flows:

- 1.Simple payback period method
- 2.Accounting rate of return
3. Profitability Index
4. Internal rate of return

Options :

- 89951463831. 1
- 89951463832. 2
- 89951463833. 3
- 89951463834. 4

Question Number : 30 Question Id : 89951416360 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

In mutually exclusive projects, project which is selected for comparison with others must have

- 1.Equal net present value
2. Zero net present value
- 3.Higher net present value
- 4.Lower net present value

Options :

- 89951463835. 1
- 89951463836. 2
- 89951463837. 3
- 89951463838. 4

Question Number : 31 Question Id : 89951416361 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

A project whose cash flows are more than capital invested for rate of return then net present value will be

1. Independent
2. Negative
3. Zero
4. Positive

Options :

89951463839. 1
89951463840. 2
89951463841. 3
89951463842. 4

Question Number : 32 Question Id : 89951416362 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

If Internal rate of return is higher than....., project is accepted.

1. Revenue
2. Cost of capital
3. accounting rate of return
4. gross profit rate

Options :

89951463843. 1
89951463844. 2
89951463845. 3
89951463846. 4

Question Number : 33 Question Id : 89951416363 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Calculate Receivables if Debtors are Rs1,35,000 , Bills Receivables is Rs30,000 and Bad debts is Rs.15,000

1. 165000
2. 135000
3. 150000
4. 140000

Options :

89951463847. 1
89951463848. 2
89951463849. 3
89951463850. 4

Question Number : 34 Question Id : 89951416364 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The main purpose of factoring accounts receivable is

1. To create an additional guarantee of collection
2. To establish a legal proof for future use
3. To meet immediate cash needs
4. To invest accounts receivable in another business

Options :

89951463851. 1
89951463852. 2
89951463853. 3
89951463854. 4

Question Number : 35 Question Id : 89951416365 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Calculate net credit sales if Total sales is Rs 15,00,000 Cash Sales is Rs.3,00,000 and Sales Return is Rs 1,20,000

1. 10,80,000
2. 12,00,000
3. 15,00,000
4. 18,00,000

Options :

89951463855. 1
89951463856. 2
89951463857. 3
89951463858. 4

Question Number : 36 Question Id : 89951416366 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The basic goal of credit management is to maximize the value of the firm by achieving a trade off between

1. Profitability
2. Solvency
3. Liquidity
4. Loss

Options :

89951463859. 1
89951463860. 2
89951463861. 3
89951463862. 4

Question Number : 37 Question Id : 89951416367 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following would NOT tighten a firm's credit policy?

1. *implementing a more stringent credit standard*
2. *shortening the net due period*
3. *lengthening the discount period*
4. *requiring a cash down payment on any purchase*

Options :

- 89951463863. 1
- 89951463864. 2
- 89951463865. 3
- 89951463866. 4

Question Number : 38 Question Id : 89951416368 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

In finance, "working capital" means the same thing as

1. Total Assets
2. Total assets- current Liabilities
3. Current Assets- Current Liabilities
4. Debts- Current Assets

Options :

- 89951463867. 1
- 89951463868. 2
- 89951463869. 3
- 89951463870. 4

Question Number : 39 Question Id : 89951416369 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Operating cycle means the time period between procurement of supplies and collection ofthrough receivables

1. Credit
2. current assets
3. Cash
4. Dividend

Options :

89951463871. 1
89951463872. 2
89951463873. 3
89951463874. 4

Question Number : 40 Question Id : 89951416370 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

On the basis of balance sheet, the working capital can be categorized as..... Working capitals

1. Gross and Net
2. Permanent and Temporary
3. Seasonal and regular
4. Critical and Non- critical

Options :

89951463875. 1
89951463876. 2
89951463877. 3
89951463878. 4

Question Number : 41 Question Id : 89951416371 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

.....refers to a certain minimum level of current assets which is essential for the firm to carry on its business irrespective of its level of operation

1. Seasonal assets
2. Fixed assets
3. Permanent Current Assets
4. Irregular debts

Options :

89951463879. 1
89951463880. 2
89951463881. 3
89951463882. 4

Question Number : 42 Question Id : 89951416372 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The dividend policy does not affect market price of the share – such views are expressed by

1. Gordon Model
2. Walter Model
3. Modigliani Miller Approach
4. Linten Model

Options :

89951463883. 1
89951463884. 2
89951463885. 3
89951463886. 4

Question Number : 43 Question Id : 89951416373 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following is the formula of Gordon Model for capital structure theories

1. $P = D_1 / (k_e - g)$
2. $P = D_1 - k_e / g$
3. $P = D_1 / g$
4. $P = (k_e - g) / D_1$

Options :

89951463887. 1

89951463888. 2

89951463889. 3

89951463890. 4

Question Number : 44 Question Id : 89951416374 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Under Gordon Model, in the additional assumptions it is suggested that

1. $G > k_e$
2. $k_e > g$
3. G is not relevant
4. k_e is irrelevant

Options :

89951463891. 1

89951463892. 2

89951463893. 3

89951463894. 4

Question Number : 45 Question Id : 89951416375 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

In a factoring with recourse, the loss resulting from bad debts is born by:

- 1.The organisation buying the accounts receivable
- 2.The organisation selling the accounts receivable
- 3.The intermediate organisation
- 4.All of above

Options :

- 89951463895. 1
- 89951463896. 2
- 89951463897. 3
- 89951463898. 4

Question Number : 46 Question Id : 89951416376 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Investors are indifferent to return in the form of dividend or capital gain- Which model has supported this view?

1. Gorden Approach
- 2.Walter Approach
3. MM Approach
4. None of the above

Options :

- 89951463899. 1
- 89951463900. 2
- 89951463901. 3
- 89951463902. 4

Question Number : 47 Question Id : 89951416377 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

A firm whose shares of common stock are owned by relatively few individuals and are generally unavailable to outsiders is known as

- 1.widely held company
- 2.sick company
3. closely held company
4. producer company

Options :

89951463903. 1
89951463904. 2
89951463905. 3
89951463906. 4

Question Number : 48 Question Id : 89951416378 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

When a company gives an option to its shareholders to receive dividend either in cash or kind, then it is called.....dividend

1. Final
- 2.Interim
3. Optional
4. Notional

Options :

89951463907. 1
89951463908. 2
89951463909. 3
89951463910. 4

Question Number : 49 Question Id : 89951416379 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Net operating cycle is computed as

1. Gross operating cycle- credit allowed by suppliers
2. Gross operating cycle- credit allowed to debtors
3. Gross operating cycle+ Days of grace
4. Gross operating cycle- Raw material storage period.

Options :

- 89951463911. 1
- 89951463912. 2
- 89951463913. 3
- 89951463914. 4

Question Number : 50 Question Id : 89951416380 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Working capital is required to invest funds in

1. fixed assets
2. Contingent liabilities
3. Current Assets
4. Paying dividends

Options :

- 89951463915. 1
- 89951463916. 2
- 89951463917. 3
- 89951463918. 4

Question Number : 51 Question Id : 89951416381 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Optimum capital structure is also known as

1. Straight capital structure
2. Single Capital structure
3. Appropriate capital structure
4. Adequate Capital structure

Options :

- 89951463919. 1
- 89951463920. 2
- 89951463921. 3
- 89951463922. 4

Question Number : 52 Question Id : 89951416382 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The capital structure theory of Net income approach is given by.....

1. Durand David
2. Gordon
3. Modigliani & Miler
4. None of above

Options :

- 89951463923. 1
- 89951463924. 2
- 89951463925. 3
- 89951463926. 4

Question Number : 53 Question Id : 89951416383 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Trading on equity is also known as

1. Operating Leverage
2. Financial Leverage
3. Combined Leverage
4. Stock trading

Options :

89951463927. 1
89951463928. 2
89951463929. 3
89951463930. 4

**Question Number : 54 Question Id : 89951416384 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

As per market price of the share is affected by the payment of dividend

1. MM Approach
2. Walter
3. Gordon
4. Both 2 and 3

Options :

89951463931. 1
89951463932. 2
89951463933. 3
89951463934. 4

**Question Number : 55 Question Id : 89951416385 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

When we add percent age of safety margin to the net working capital we shall get

1. Gross profit
2. Total assets
3. Total Working Capital
4. Total capital

Options :

89951463935. 1
89951463936. 2
89951463937. 3
89951463938. 4

**Question Number : 56 Question Id : 89951416386 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

..... motive is the need to hold cash to make routine payments while conducting business

1. Precautionary
2. Speculative
3. Transaction
4. Miscellaneous

Options :

89951463939. 1
89951463940. 2
89951463941. 3
89951463942. 4

**Question Number : 57 Question Id : 89951416387 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

..... inflows relates to operating activities such as cash sales, collection from debtors etc

- 1.Non-opeating
- 2.Financing
- 3.Investing
- 4.Operating

Options :

89951463943. 1
89951463944. 2
89951463945. 3
89951463946. 4

Question Number : 58 Question Id : 89951416388 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

If contribution is 3,000 fixed cost is 1000 , the degree of operating leverage will be

1. 1.5 times
2. 3 times
3. 0.33 times
4. 2 times

Options :

89951463947. 1
89951463948. 2
89951463949. 3
89951463950. 4

Question Number : 59 Question Id : 89951416389 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Return on capital employed is computed as.....

1. EBIT/EAT
2. EBIT/capital Employed
3. Capital Employed/EBIT
4. EBIT/ Fixed assets

Options :

89951463951. 1
89951463952. 2
89951463953. 3
89951463954. 4

**Question Number : 60 Question Id : 89951416390 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Receivable turnover means

1. Annual credit sales/ Receivables
2. Receivables/ Annual credit sales
3. Receivable./ Total sales
4. Annual total sales/ creditors

Options :

89951463955. 1
89951463956. 2
89951463957. 3
89951463958. 4

**Question Number : 61 Question Id : 89951416391 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Operating Leverage influences and

1. Expenses and EBIT
2. Sales and Profit after tax
3. Sales and EBIT
4. Sales and Fixed cost

Options :

89951463959. 1
89951463960. 2
89951463961. 3
89951463962. 4

**Question Number : 62 Question Id : 89951416392 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Employment of fixedbearing funds in a company's capital structure is known as Financial Leverage

- 1.Recurring Charges
2. Sales Promotion Charges
3. Financial Charges
- 4.Administrative Charges

Options :

89951463963. 1
89951463964. 2
89951463965. 3
89951463966. 4

**Question Number : 63 Question Id : 89951416393 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Earnings per share is computed as

- 1.Earnings before interest and tax/ Number of Shares
- 2.Earning before tax/ Number of shares
3. Earnings after tax/Number of Shares
4. Earnings after tax/ Market price of shares

Options :

- 89951463967. 1
- 89951463968. 2
- 89951463969. 3
- 89951463970. 4

Question Number : 64 Question Id : 89951416394 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Optimum capital structure is also known as

1. Straight Capital Structure
- 2.Single Capital Structure
- 3.Appropriate Capital Structure
- 4.Adequate Capital Structure

Options :

- 89951463971. 1
- 89951463972. 2
- 89951463973. 3
- 89951463974. 4

Question Number : 65 Question Id : 89951416395 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

.....suggest that the overall capitalization rate of firm remains constant for all degree of leverage.

- 1.Net Income Approach
- 2.Traditional Approach
- 3.MM Approach
- 4.Net Operating Income Approach

Options :

- 89951463975. 1
- 89951463976. 2
- 89951463977. 3
- 89951463978. 4

Question Number : 66 Question Id : 89951416396 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

.....budget is a statement showing the estimated cash inflows, cash outflows and the resultant cash balances over a given budget period

- 1.stock
- 2.Cash
- 3.Purchase
4. Production

Options :

- 89951463979. 1
- 89951463980. 2
- 89951463981. 3
- 89951463982. 4

Question Number : 67 Question Id : 89951416397 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

As per MM approach, if the number of shares outstanding are 1,00,000 and price per share is rs. 100/- cost of capital is 10% and it is expected to pay dividend of Rs.5 per share what shall be the expected market price of the share at the end of year 1 if the dividends are not paid

- 1.110
- 2.115
- 3.100
- 4.120

Options :

89951463983. 1
89951463984. 2
89951463985. 3
89951463986. 4

Question Number : 68 Question Id : 89951416398 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Enterprise whose ownership is held by the general public, including individuals, officers, employees, and institutional investors is known as

1. Closely held company
2. Widely held company
3. Private Limited company
4. Sick Company

Options :

89951463987. 1
89951463988. 2
89951463989. 3
89951463990. 4

Question Number : 69 Question Id : 89951416399 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

.....is popularly known as dividend in the form of bonus shares

1. Property Dividend
2. Bond Dividend
3. Stock Dividend
4. Cash Dividend

Options :

89951463991. 1
89951463992. 2
89951463993. 3
89951463994. 4

**Question Number : 70 Question Id : 89951416400 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

The following is the formula given by valuation model of MM Approach

1. $P_0 = (D_1 + P_1) / (1 + K_e)$
2. $P_1 = (D_1 + P_0) / (1 + K_e)$
3. $P_1 = (D_1 + P_0) K_e$
4. $P_0 = (1 + K_e) / (D_1 + P_1)$

Options :

89951463995. 1
89951463996. 2
89951463997. 3
89951463998. 4

**Question Number : 71 Question Id : 89951416401 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Working capital management is the process of planning, organizing, directing andthe working capital in an organization

1. Controlling
2. Financing
3. Guiding
4. generating

Options :

- 89951463999. 1
- 89951464000. 2
- 89951464001. 3
- 89951464002. 4

Question Number : 72 Question Id : 89951416402 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

..... assets which are required to be maintained irrespective of scale of operation or level of activity

1. Temporary
2. Permanent
3. Waste
4. Seasonal

Options :

- 89951464003. 1
- 89951464004. 2
- 89951464005. 3
- 89951464006. 4

Question Number : 73 Question Id : 89951416403 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Under hedging approach, all the permanent current assets byterm funds and all the current assets by short term funds.

1. Short, Permanent
2. Long, temporary
3. Short, Temporary
4. average, long

Options :

89951464007. 1
89951464008. 2
89951464009. 3
89951464010. 4

Question Number : 74 Question Id : 89951416404 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

In construction industry the need of working capital will be large because of higher level of inventories

1. Finished
2. Raw
3. Work-in-progress
4. imported

Options :

89951464011. 1
89951464012. 2
89951464013. 3
89951464014. 4

Question Number : 75 Question Id : 89951416405 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which is not the feature of appropriate capital structure

- 1.Profitability
- 2.Conservation
- 3.Control
- 4.Rigidity

Options :

89951464015. 1
89951464016. 2
89951464017. 3
89951464018. 4

Question Number : 76 Question Id : 89951416406 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

If Expected profit is Rs.1,30,200 and opportunity cost of investment in Receivable is 32,375 , the net benefit will be

1. 1,30,200
2. 32,275
3. 1,62,575
4. 97,825

Options :

89951464019. 1
89951464020. 2
89951464021. 3
89951464022. 4

Question Number : 77 Question Id : 89951416407 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

..... advocates maximum possible borrowings in order to minimize WACC and maximize the value of firm.

1. Modigliani and Miller approach
2. Traditional Approach
3. Net Income Approach
4. All of above

Options :

- 89951464023. 1
- 89951464024. 2
- 89951464025. 3
- 89951464026. 4

Question Number : 78 Question Id : 89951416408 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Trade Credit, Suppliers loan from commercial Banks, Commercial Papers are examples of ...

1. Long term sources of finance
2. Medium term sources of finance
3. Short Term Sources of Finance
4. they are not sources of finance

Options :

- 89951464027. 1
- 89951464028. 2
- 89951464029. 3
- 89951464030. 4

Question Number : 79 Question Id : 89951416409 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Sale of Furniture is an example of

1. Cash flow from financing activities
2. Cash flow from Investing Activities
3. Cash flow from operating Activities
4. Non cash items

Options :

89951464031. 1

89951464032. 2

89951464033. 3

89951464034. 4

Question Number : 80 Question Id : 89951416410 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Proceeds from issuance of Share capital is an example of...

1. Cash flow from Financing Activities
2. Cash flow from Investing Activities
3. Cash from Operating activities
4. Cash flow from change in working capital

Options :

89951464035. 1

89951464036. 2

89951464037. 3

89951464038. 4

Question Number : 81 Question Id : 89951416411 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

..... is the duration of time between the acquisition of supplies and the collection of cash from receivables.

1. Equity Share Capital
2. Economic order Quantity
3. Operating Cycle
4. Cash flows

Options :

89951464039. 1
89951464040. 2
89951464041. 3
89951464042. 4

Question Number : 82 Question Id : 89951416412 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

.....refers to the ratio of the present value of all cash inflows to the present value of all cash outflows associated with the project.

1. Profitability Index
2. Internal rate of return
3. Return on investment
4. Net present value

Options :

89951464043. 1
89951464044. 2
89951464045. 3
89951464046. 4

Question Number : 83 Question Id : 89951416413 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

..... is a process where by the limited funds are allocated amongst the financially viable projects which are not mutually exclusive so as to maximize the wealth of shareholders

1. Capital asset pricing model
2. Boumol's model
3. Discounted Payback technique
4. Capital Rationing

Options :

89951464047. 1
89951464048. 2
89951464049. 3
89951464050. 4

Question Number : 84 Question Id : 89951416414 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Under the required rate of return on a security is equal to risk free rate and risk premium

1. Capital Rationing
2. Net Present Value Method
3. Capital Asset Pricing Model
4. Desirability Factor Index

Options :

89951464051. 1

89951464052. 2

89951464053. 3

89951464054. 4

Question Number : 85 Question Id : 89951416415 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Dividend Payout ratio is computed as

1. Dividend Per Share/ Market Price Per share X100
2. Market Price Per Share/ Dividend Per Share X100
3. Dividend Per Share/ Earning Per share X100
4. Market Price Per Share/ Book Value Per share X100

Options :

89951464055. 1

89951464056. 2

89951464057. 3

89951464058. 4

Question Number : 86 Question Id : 89951416416 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

If EBIT is 1,00,000 and interest is 10,000 and rate of tax is 50% and number of shares are 10,000 what shall be the EPS?

1. 9.5
2. 9
3. 4.5
4. 2

Options :

89951464059. 1

89951464060. 2

89951464061. 3

89951464062. 4

Question Number : 87 Question Id : 89951416417 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

Capital employed means

1. Shareholder's fund + long term debts
2. Net Fixed assets + Long term investment + net working Capital
3. Both 1 and 2
4. Gross fixed assets- Depreciation till date

Options :

- 89951464063. 1
- 89951464064. 2
- 89951464065. 3
- 89951464066. 4

Question Number : 88 Question Id : 89951416418 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

..... is the point at which purchase requisition is to be placed so that ordered quantity can be purchased

- 1.Maximum stock level
- 2.Mininum Stock Level
- 3.Reorder quantity
- 4.Reorder Level

Options :

- 89951464067. 1
- 89951464068. 2
- 89951464069. 3
- 89951464070. 4

Question Number : 89 Question Id : 89951416419 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

..... works on the principle of discriminatory control

1. Total Quality Control

2.ABC Analysis

3. EoQ model

4.Bin card technique

Options :

89951464071. 1

89951464072. 2

89951464073. 3

89951464074. 4

**Question Number : 90 Question Id : 89951416420 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Compute Opportunity cost if Total cost is RS 90 average collection period is 80 days and rate of interest is 15%

1. 1.66
2. 2.96
3. 2.36
4. 1.55

Options :

89951464075. 1
89951464076. 2
89951464077. 3
89951464078. 4

Question Number : 91 Question Id : 89951416421 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

..... is that level of quantity at which carrying cost and ordering cost are minimum

- 1.Reorder Level
2. Average Stock Level
- 3.Danger Stock
- 4.Economic Order Quantity

Options :

89951464079. 1
89951464080. 2
89951464081. 3
89951464082. 4

**Question Number : 92 Question Id : 89951416422 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

..... Helps in determining the optimum cash balance when the demand for cash is certain.

1. Baumol's model
- 2.Miller orr Model
- 3.ABC analysis
- 4.Bin card

Options :

89951464083. 1
89951464084. 2
89951464085. 3

89951464086. 4

Question Number : 93 Question Id : 89951416423 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

If Debtors at the beginning of the year is 112123 and at the end of the year is 135000 and annual credit sales is 11,00,000 , find out Debtors collection period

- 1.10 days
- 2.50 days
- 3.30 days
4. 41 days

Options :

89951464087. 1
89951464088. 2
89951464089. 3
89951464090. 4

Question Number : 94 Question Id : 89951416424 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

When the company utilize both the financial leverage and operating leverage to amplification of any change in sales into a large relative changes in earning per share is called

1. Financial Leverage
- 2.Zero Leverage
- 3.Modified Leverage
- 4.Total Leverage

Options :

89951464091. 1
89951464092. 2
89951464093. 3
89951464094. 4

Question Number : 95 Question Id : 89951416425 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

.....is one of the procedures to measure the impact of changes in sales which lead for change in the profits of the company

1. Operating Leverage
2. Financial Leverage
3. Combined Leverage
4. Trading on Equity

Options :

89951464095. 1
89951464096. 2
89951464097. 3
89951464098. 4

Question Number : 96 Question Id : 89951416426 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

As per MM approach, if the number of shares outstanding are 1,00,000 and price per share is rs. 100/- cost of capital is 10% and it is expected to pay dividend of Rs.5 per share what shall be the expected market price of the share at the end of year 1 if the dividends are paid

1. 100
2. 105
3. 110
4. 150

Options :

- 89951464099. 1
- 89951464100. 2
- 89951464101. 3
- 89951464102. 4

Question Number : 97 Question Id : 89951416427 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

.....is the technique to plan and control the use of cash

- 1. Cost Planning
- 2. Debt Planning
- 3. Cash Planning
- 4. Master Planning

Options :

- 89951464103. 1
- 89951464104. 2
- 89951464105. 3
- 89951464106. 4

Question Number : 98 Question Id : 89951416428 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Average collection period is computed as

- 1. $(\text{Receivables} \times 365 / \text{Annual Credit Sales})$
- 2. $(\text{cash equivalent} \times 365 / \text{Annual Credit Sales})$
- 3. $(\text{payables} \times 365 / \text{Annual Credit Sales})$
- 4. $(\text{stock} \times 365 / \text{Annual Credit Sales})$

Options :

- 89951464107. 1
- 89951464108. 2
- 89951464109. 3

89951464110. 4

Question Number : 99 Question Id : 89951416429 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

An, the overall cost of capital is minimum and the total market value of the firm is maximum

1. Optimal capital structure
2. Traditional capital structure
3. uniform capital structure
4. Mixed capital structure

Options :

89951464111. 1
89951464112. 2
89951464113. 3
89951464114. 4

Question Number : 100 Question Id : 89951416430 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

..... motive is the need to hold cash in order to take advantages of profitable opportunities

1. Opportunity
2. Speculative
3. Wagering
4. Preventive

Options :

89951464115. 1
89951464116. 2
89951464117. 3
89951464118. 4