

Program: M.Com

Sem: II

Subject: Corporate Finance

Mo	Q.No	Question	Option 1	Option 2	Option 3	Option 4	Correct Option
2	1	The discount rate should be ____ to decrease the given future value	Decreased	Increased	Minimised	Remain same	2
3	2	A very high current ratio will ____	Increase profitability	Decrease profitability	Not affect profitability	increase the liquidity	2
3	3	Loan fund does not include ____	Debentures	loans	Provision for taxation	Public deposits	3
2	4	The interest paid on the principal for a fixed period of time at a fixed rate of interest is called	Simple Interest	Compound Interest	Present value	Future value	1
3	5	Net profit before interest and Tax is Rs. 3,20,000 interest is Rs. 40,000. the interest coverage is ____	6 times	8 times	5.5 times	4 times	2
3	6	Debt equity ratio is 1:2 which would increase	Issue of Debentures against purchase of fixed assets	Cash received from debtors	payments to creditors	Purchase of goods on credit	1
4	7	The factor which is not relevant for determination of debt equity mix__	Taxation	nature of Asset base	Industry norms	Viability of cashflows	2
3	8	The ratio that indicates ability of the company to pay burgent obligations immediataly is	Current ratio	Debt Equity ratio	Liquidity ratio	Proprietary ratio	3
4	9	Ability of a firm with high gearing to meet fixed interest payment out of current earnings.	Reduces	remains unaffected	increases	does not change	1
3	10	Debt service ratio shows	short term financial position of the company	fiانancial stability	Debt servicing ability	Liquidity position	3
4	11	Capital structure decision should always aim at having debt component in order to ____	Gain Tax sayings	Balance the capital structure	Gain control	Increase EPS	4

3	12	Shareholder's equity does not include	Debentures	Equity capital	Reserve & surplus	Preliminary expenses	1
3	13	Net profit ratio indicates	Overall profitability	Profitability	Liquidity	Trading efficiency	2
3	14	Proprietary ratio is a proportion between	Proprietors fund and total assets	Proprietary and equity capital	Proprietors fund and sales	Proprietary funds and sales	4
3	15	Operating performance is best measured by	Return on capital	Return on capital	Operating profit ratio	Return on fixed assets	3
3	16	Current ratio is 2.5 working capital is Rs. 60,000 current assets will be	Rs. 1, 00,000	Rs. 1, 25,000	Rs. 1, 40,000	Rs. 50000	1
3	17	Gross profit ratio is a	Balance Sheet ratio	Revenue statement ratio	Current ratio	Combined ratio	2
3	18	2:1 is a standard	Current ratio	Gross profit ratio	Quick ratio	Debt equity ratio	1
3	19	Solvency ratio shows	Profitability	Short term solvency	Long term solvency	Liquidity	3
4	20	Cost of capital represent	Minimum rate of return	Maximum rate of return	Large rate of return	Average rate of return	1
4	21	Financial decision are based on	Fixed assets	Current assets	Capital	Cost of capital	4
4	22	The cost which equates PV cash inflow with the PV of cash outflow is	Specific cost	Historical cost	Explicit cost	Original cost	3
4	23	Cost of obtaining another Rupee of new capital is	Average cost	Future cost	Marginal cost	Specific cost	4
1	24	Combined cost of various source of capital is	Composite cost	Specific cost	Marginal cost	Average cost	1
4	25	Cost of _____ is influence by growth rate of dividend and earning	Equity share	Investment	Debenture	Loan	1
4	26	If the expected level of EBIT exceeds the indifference point	Debt financing will be advantages	Equity financing will be advantages	EPS will reduce	EPS will increse	1
3	27	A longer payment period indicates that	Suppliers are prepared to allow longer period of credit	Operations are being financed by suppliers	Demages credit standing of the company	Spoils relationship with suppliers	1

1	28	Financial management is concerned with	maximisation of wealth	maximisation of production	maximisation of shares	maximisation of welfare	1
1	29	Capital budgeting is concerned with	short term investment	no investment	medium term investment	long term investment	4
1	30	Following is not a function of a finance manager	Financing	Marketing	Budgeting	Forecasting	2
3	31	EPS stands for	earnings per share	expense per share	earning per saving	earning per stock	1
2	32	Interest at 7% simple for 2 years on Rs 1000 deposit will be	Rs. 140	Rs. 85	Rs. 74.9	Rs. 70	1
2	33	An individual gives time preference to money due to	Internal Rate of return	investment options	future needs	risk free rate	2
3	34	Current ratio shows	short term financial position	higher profitability	financial stability	collection efficiency	1
3	35	High geared company exposes to	Inflation risk	Business risk	Interest risk	Financial risk	4
3	36	Fixed interest bearing funds do not include one of the following	Public deposit	Debenture	Long term investment	Preference capital	3
3	37	Return on capital employed is a relationship between	Net operating profit and loss	Net operating profit and capital employed	Gross profit and total assets	Gross profit and sales	2
3	38	Return on capital employed is also known as	Return on investment	Return on total assets	Return on fixed assets	Return on shareholder's fund	1
4	39	The non-produce projects should be financed by___	Debt and Equity	Debt	Equity	Retained Earnings	4
4	40	Part of income distributed to shareholders	Profit	Dividend	loss	Retained profit	2
4	41	Dividends are payments which are	Voluntary	Non-obligatory	Obligatory	Occasional	2
3	42	Return on proprietors fund indicates ____	Utilisation of capital employed	Utilisation of assets	Utilisation of proprietors fund	Utilisation of total resources	3
4	43	Guidelines for issue of bonus shares are issued by___	SEBI	RBI	Income tax act	Company law	1

3	44	Opening stock is Rs. 20,000 closing stock Rs. 10,000, Purchases Rs. 50,000 wages Rs.3,000, carriage Rs.2,000. The stock turnover ratio is	2.33 times	3.57 times	4.33 times	7 times	3
4	45	The irrelevance theory of dividend was supported by	walter	MM	Gordon	Fayol	2
4	46	Buying policies are judged by _____	Gross profit ratio	Net profit ratio	Return on Investment	P/E Ratio	1
4	47	The most common form of dividend payment is _____	stock dividend	cash dividend	stock split	Bonus issue	2
3	48	Operating ratio is a relationship between _____	Operating profit & sales	after interest & taxes	Net Profit & sales	Net profit & Capital Employed	2
4	49	Constant payment ratio means _____	stable dividend policy	long-term dividend policy	Regular dividend policy	Irregular dividend policy	1
3	50	For calculation of interest coverage ratio Net Profit should be _____	Before interest & taxes	After interest & taxes	After interest but before tax	After tax but before interest	1
4	51	The credit facility with no repayment obligation is called _____	Bank credit	Advance from customers	Trade credit	Instalment Credit	2
1	52	Management of all matters related to an organisation's finance is called _____	cash inflows and outflows	allocation of resources	financial management	finance	3
4	53	_____ is a short term finance	shares	Bills	Bank loan	Trade credit	4
1	54	_____ is not an element of financial management	allocation of resources	financial planning	financial decision making	corporate social responsibility	4
4	55	Opening leverage is 1.26 and financial leverage is 1.02. The combined leverage is	2.90%	1.29%	3.29%	4.50%	1
4	56	_____ is not an instrument of short term finance	Bill of Exchange	Promissory Note	Cheque	Credit cards	3
3	57	A high GP ratio indicates _____	Low cost of production	high cost of production	high sales	high net sales	1

1	58	The most important goal of financial management is _____	corporate social responsibility	Matching income and expenditure	Using business assets effectively	wealth maximisation	4
4	59	Bonus shares are issued to _____	Equity shareholders	Preference shareholders	Debenture holders	Bond holders	1
4	60	The source of capital use to get financial leverage is _____	Debentures	Equity capital	Debt capital	Short term capital	3
3	61	High stock turnover ratio indicates	quick movement of stock	high cost of goods sold	slow movement of stock	low cost of goods sold	1
4	62	Investment in property requires _____	More funds	Less funds	Moderate funds	Minimum funds	1
3	63	The current ratio is the ratio of	current assets to total assets	Current liabilities to total liabilities	current assets to current liabilities	current liabilities to equity	3
4	64	Effective use of leverage reduces the overall cost of _____	Capital	Money	Production	Sales	1
4	65	Tax saving securities are selected by the investors who are having	Higher tax bracket	Lower tax bracket	Less taxable Income	more tax refund	1
3	66	_____ ratio measures the total effectiveness of management in generating profits on sales, assets, and owner's investment	Liquidity	Asset Management	Financial leverage management	Profitability	4
4	67	Financial leverage implies application of debt capital for maximising	EBIT	PBT	Debt	EPS	4
1	68	Wealth maximisation as the goal of the firm implies enhancing the wealth of _____	the Board of directors	the firm's employees	the federal government	the firm's stockholders	4
4	69	Investment in securities depends on	Age	Sex	Educational level	attitude of the investors	4
4	70	Leverage help in	Long term loans	Designing capital structure	Raising short term loans	Raising medium term loans	2
1	71	Every business activity requires _____.	Competing	Continuous	Finance	Own fund	3

1	72	Share Capital is included in _____.	Loan fund	Gain	Own fund	Assets acquisition	3
1	73	Debentures are included in _____.	Assets acquisition	Own fund	Loan fund	Continuous	3
1	74	Finance is required on _____ basis.	Own fund	Finance	Continuous	Assets acquisition	3
1	75	Finance is said to be _____ of business.	Assets acquisition	Finance	Wealth	Own fund	2
1	76	Financial management is management of _____.	Finance	Own fund	Gain	Wealth	2
1	77	There are _____ elements of financial management.	Own fund	Loan fund	Gain	Finance	2
1	78	Lower the risk lower the _____.	Gain	Loan fund	Own fund	Finance	1
1	79	Financing of long term assets should be made from	Long term funds	Short term funds	Debt	Equity	2
1	80	Liquidity and profitability are _____ goals.	Competing	Different	Separate	Finance	1
1	81	Wealth maximization means	Maximising net worth	NPV	IRR	Profit	2
1	82	One of the following is not a function of finance	Investment	Dividend	Financing	Production	4
1	83	Following is not a function of a finance manager	Marketing	Budgeting	Forecasting	Financing	1
1	84	Following includes predicting the requirement of funds	Forecasting	Capital structure	Raising sufficient fund	Investment policy	3
1	85	Liquidity and profitability bear relationship	Adverse	Inverse	Direct	Indirect	2
1	86	EPS stands for	Expenses per share	Earning per share	Earning per stock	Earning per saving	2
2	87	The reasons to prefer money as present is _____.	Investment option	Future needs	Risk free rate	IRR	1
2	88	If Mr. Vishal invested ` 10,000 at the rate of 8% for two years comparing semi annually what would Mr. Vishal get at the end of two years.	` 1,100	` 1,200	` 1,150	` 1,170	4

2	89	An Individual gives time preference to money due to	Investment options	Future needs	Risk free rate	IRR	1
2	90	The discount rate should be _____ to decrease the given future value.	Decreased	Increased	Minimised	Remains same	2
2	91	The interest paid on the principal for a fixed period of time at a fixed rate of interest is called.	Simple interest	Compound interest	PV	FV	1
3	92	Standard stock turnover rate is _____ times.	6	5	2	3	1
3	93	One of the following is not an absolute liquid asset	Cash balance	Bank Balance	Bills Receivable	Marketable securities	3
3	94	High geared company exposes to	Business risk	Financial risk	Inflation risk	Interest risk	2
3	95	Fixed Interest bearing funds do not include one of the following :	Debenture	Long term investment	Prof. capital	Public Deposit	2
3	96	Loan fund does not include one of the following	Debentures	Loans	Provision for Taxation	Public Deposits	3
3	97	The ratio that indicates ability of the company to pay urgent obligations immediately is	Current Ratio	Debt equity ratio	Liquidity ratio	Proprietary ratio	3
3	98	A longer payment period indicates that	Suppliers are prepared to allow longer period of credit	Operations are being financed by suppliers.	Damages credit standing of the company.	Spoils relationship with suppliers.	1
3	99	Longer collection period indicates that	Debtors are not prompt in payment	Creditors are allowing longer period of credit	Short term financial position is good	Long term position is good	1
3	100	Stock working capital ratio is a proportion between	Closing stock and working capital	Opening stock and wrong capital	Sales and working capital	Sales and current assets	1
3	101	One of the reasons responsible for decrease in gross profit ratio is	Under valuation of closing inventory	Overvaluation of closing inventory	Excess depreciation on fixed assets	Additional interest on loan	1

3	102	Return on capital employed is a relationship between	Net operating profit and loan	Net operating profit and capital employed	Gross profit and sales	Gross profit and total assets.	2
3	103	Return on capital employed is also known as :	Return on total assets	Return on fixed assets	Return on investment	Return on shareholder's fund.	3
3	104	Debt equity ratio is a relationship between	Short term debt and equity	Long term debt and equity	Current liabilities and share capital	Pref. capital and equity capital	2
3	105	Debt service ratio shows	Short term financial position of the company	Financial stability	Debt servicing ability	Liquidity position	3
3	106	Dividend payout ratio is a proportion between	Dividend per share and earning per share	Pref. dividend and equity capital	Equity dividend and equity capital	Total dividend and capital employed	1
3	107	Operating ratio is a proportion between	Operating cost and purchases	Operating cost and sales	Total cost and sales	Net profit and sales	2
3	108	Shareholder's equity does not include	Equity capital	Reserve & surplus	Debentures	Preliminary expenses	3
3	109	Net profit ratio indicates	Overall profitability	Profitability	Trading efficiency	Liquidity	2
3	110	Proprietary ratio is a proportion between	Proprietary and equity capital	Proprietary fund and sales	Proprietors fund and total assets	Proprietors fund and sales	3
3	111	Return on proprietors fund indicates	Utilization of capital employed	Utilization of assets	Utilization of proprietors fund	Utilization of total resources	3
3	112	Operating performance is best measured by	Operating profit ratio	Return on capital	Return on fixed assets	Return on equity	1
3	113	Current ratio is 2.5 working capital is ` 60,000 current assets will be.	` 1,00,000	` 1,40,000	` 50,000	` 1,25,000	1
3	114	G.P. ` 1,00,000, Total sales ` 5,25,000 sales return ` 25,000. G.P. Ratio will be	25%	21%	20%	28%	3



3	115	Net sales ` 1,40,000, G.P. ` 10,000, N.P ` 6000, B.R. ` 2,000, Debtors ` 8,800, Stock ` 10,000, Cash ` 6000, Creditors ` 12,000, Bills payable ` 8,800, current ratio will be	1.35	1.29	1.3	1.48	2
3	116	Sales are ` 33,984, sales return ` 380, opening stock ` 1,378, closing stock ` 1,814 G.P. ` 8,068. Stock turnover ratio will be	10 times	12 times	15 times	16 times	4
3	117	Liquid ratio is 1.5, Net working capital is ` 120,000, stock is ` 80,000. Current assets will be	` 2,00,000	` 2,50,000	` 2,10,000	` 4,40,000	1
3	118	Opening stock ` 62,000, purchases ` 4,20,000 sales ` 6,00,000 G.P. 33% on cost closing stock will	` 40,000	` 35,000	` 32,000	` 46,000	3
3	119	Current ratio 4 : 1, liquid ratio 3 : 1. If inventory is ` 36,000, current assets will be :	` 1,44,000	` 1,50,000	` 1,40,000	` 1,75,000	1
3	120	Opening stock ` 29,000, closing stock ` 31,000, sales ` 3,00,000, G.P. 25% on cost. Stock turnover ratio will be	8 times	9 times	4.5 times	7 times	1
3	121	Stock turnover 5 times, closing stock is ` 10,000 more than that of the beginning, credit sale ` 4,00,000, G.P. 25% on cost current liabilities ` 1,20,000, Acid test ratio .75. Current assets will be	` 1,60,000	` 1,59,000	` 1,55,000	` 1,40,000	2
3	122	Debt equity ratio is 1 : 2. Which of the following would increase:	Issue of debentures against purchase of fixed assets	Cash received from debtors	Payment to creditors	Purchase of goods on credit	1
3	123	N.P. before interest & tax ` 5,00,000. Interest ` 1,00,000, interest coverage will be	4 times	5 times	7 times	12 times	2
3	124	Cost of goods sold ` 1,00,000, stock turnover 4 times, closing stock ` 10,000 in excess of opening stock, opening & closing stock will be	` 20,000, ` 30,000	` 25,000, ` 40,000	` 15,000, ` 24,000	` 25,000, ` 80,000	1

3	125	15% Debentures ` 4,00,000, N.P. after interest and tax ` 50,000, Proprietors fund ` 2,40,000, Tax rate 50%. 15% pref. share capital ` 1,00,000. Return on capital employed will be	20%	22%	25%	30%	3
3	126	N.P. before interest & tax is ` 3,20,000 interest is 40,000. The interest coverage is	6 times	8 times	5.5 times	4 times	2
3	127	Opening Stock is ` 20,000 closing stock ` 10,000, Purchases ` 50,000 wages ` 3,000, carriage ` 2,000. The stock turnover ratio is	2.33 times	3.57 times	4.33 times	7 times.	3
3	128	Cost of goods sold is ` 5,40,000. Net Sales ` 6,00,000. Sales Returns ` 10,000. The G.P. ratio is	20%	15%	12%	10%	4
3	129	G.P. Ratio is 20%, Purchase of goods ` 20,000 will	Increase G.P.	Decrease G.P.	No change in G.P.	None	3
3	130	Net Profit after interest & tax ` 2,22,000, Equity Capital (10 each) ` 1,00,000. The EPS is	20.2	22.2	26	30.35	2
3	131	EPS ` 22.20, P.P. per share ` 222. The P/E ratio is	15	10	20	25	2
3	132	Net credit sales ` 1,00,000. Average debtors ` 25,000. Collection period is	1 Month	3 Months	5 Months	7 Months	2
3	133	Operating Profit ratio if operating ratio is 85%	15%	18%	20%	25%	1
3	134	Current ratio is 4.5, Liquid ratio is 3, Inventory is ` 36,000, the liquid assets will be	` 72,000	` 78,000	` 75,000	` 65,000	1
3	135	Buying policies are judged by	Gross Profit ratio	Net Profit ratio	ROI	P/E ratio	1
3	136	Debt Equity Ratio is a	Revenue Statement Ratio	Balance sheet ratio	Combined ratio	None of the above	2
3	137	Operating ratio is a relationship between	Operating profit & sales	Operating cost & sales	Net profit & sales	Net Profit & Capital employed.	2
3	138	Solvency ratio shows	Short term solvency	Long term solvency	Liquidity	Profitability	2

3	139	High geared capital structure involve	High risk	Low risk	Moderate risk	No risk	1
3	140	For calculation of interest coverage ratio Net Profit should be	Before interest & taxes	After interest & taxes	After interest but before tax	After tax but before interest	1
4	141	_____ of Capital is the cost of retaining funds in business.	Cost	capital	fixed assets	Net proceeds	1
4	142	Cost of capital is important in _____ decisions.	Financial	not treated for taxes	occasionally treated for taxes	Rate of dividend	1
4	143	Cost of debts depends on the _____.	Rate of interest	historical cost	future cost	Rate of dividend	1
4	144	Cost of Debt = Interest (I - Taxrate) / _____.	cost of capital	capital	Net proceeds	Pref. Capital	3
4	145	Dividend distribution tax affects the cost of _____.	cost of capital	capital	Pref. Capital	Dividend Distribution Tax	3
4	146	Pref. dividend is not allowed as a charge against _____.	Rate of dividend	Revenue	Financial	fixed assets	2
4	147	Risk premium is the premium for _____.	Systematic Risk	Rate of dividend	average rate of return	cost of capital	1
4	148	Zero Beta indicates _____.	No Volatility	historical cost	specific cost	future cost	1
4	149	Optimum Capital structure implies a ratio debt and equity at when _____ would be least and market value of the firm would be highest.	Marginal Cost of Capital	WACC	Cost of Debt	Opportunity cost	2
4	150	One of the following is not an assumption of capital structure theories :	These are capital structure sources of funds, i.e. debt and equity.	There are no corporate taxes.	Dividend Payout ratio varies between 0% and 100%	Firm's business risk is constant overtime.	3
4	151	The factor which is not relevant for determination of debt equity mix.	Taxation	Nature of Asset base	Industry Norms	Viability of Cashflows	3
3	152	Ability of a firm with high gearing to meet fixed interest payment out of current earnings.	Reduces	Remains unaffected.	Increases	Does not change	1
4	153	Capital Structure decision should always aim at having debt component in order to	Gain Tax Sayings	Balance the Capital Structure	Gain Control	Increase EPS	4

3	154	The non-produce projects should be financed by	Debt and Equity	Debt	Equity	Retained Earnings	4
4	155	If EBIT is less than financial break even point then	EPS will be Positive	EPS will be Negative	No effect on EPS	Cash of Debt Increases	2
1	156	Following is not an assumption of NOI approach.	Debt capitalisation rate changes	Constant WACC	No corporate taxes	Split between debt & equity is not important	1
4	157	Following is not the assumption of MM Approach	Investors behave rationally	Investors are free to buy & sell securities.	There is a transaction cash	Investors can borrow without restriction	3
1	158	Part of income distributed to shareholders.	Profit	Loss	Dividend	Retained Profit	3
4	159	Dividends are payments which are	Voluntary	Non-obligatory	Obligatory	Occasional	2
4	160	The irrelevance theory of dividend was supported by	Walter	MM	Gordon	Fayol	2
3	161	The Relevance theory of dividend was supported by	Walter	MM	Gordon	Walter & Gordon	1
1	162	The most common form of dividend payment is	Stock Dividend	Cash Dividend	Stock Split	Bonus Issue	2
4	163	Constant Payout ratio means	Stable dividend policy	Long-term dividend policy	Regular dividend policy	Irregular dividend policy	1
4	164	Guideline for issue of bonus shares are issued by	SEBI	RBI	Income tax act	Company law	1
3	165	Constant payout ratio means	Stable dividend policy	Regular dividend policy	Irregular dividend policy	Long-term dividend policy	1
4	166	Dividend is payable to	Shareholders	Creditors	Stock holders	Managers	1
3	167	Ploughing back of profit means	Declaration of dividend	Retaining profits	Re-investing profits	Building reserves	2
4	168	The models known as bird in the hand argument	Gordon's Model	Walter's Model	Fayol Model	Henry Model	1
4	169	The factor not considered for determination of dividend policy is	Liquidity	Consistency of Earning	Government Policies	GDP of the country	1
3	170	The approvable to dividend policy are	One	Two	Three	Four	2

4	171	The profit which is distributed as dividend is known as	Isolating Profit	Divisible Profit	Net Profit	Gross Profit	2
4	172	Payment of fixed dividend is known as	Constant Payout	Fluctuating Dividend	Cash Dividend	Stock Dividend	1
4	173	The policy in which less dividend is paid is	Liberal dividend policy	Conservative dividend policy	Stable dividend policy	Fluctuating dividend policy	2
4	174	Dividend which is declared before declaration of final dividend is called as	Final Dividend	Interims Dividend	Advoc Dividend	Temporary Dividend	2
3	175	Relationship between dividend per share and earning per share is known as :	Dividend Payout	Dividend Yield	Dividend per share	E.P.S	1
4	176	High gearing will increase	Financial Risk	Business Risk	Cost of Final	Shareholders Equity	1
3	177	A high geared company exposes to	Business Risk	Financial Risk	Inflation Risk	Interest Rate Risk	2
4	178	Interest on Debentures ` 4,00,000 preference dividend ` 2,00,000 Tax rate is 4 %. If EBIT is ` 15,00,000 the financial leverage is	1.75	2.88	1.96	3.75	3
1	179	Financial leverage is	EBIT/EBT	EBT/EBIT	C/EBT	C/EBIT	1
4	180	Operating leverage is 1.26 and financial leverage is 1.02 The combined leverage is	2.90%	1.29%	3.29%	4.50%	2
1	181	The source of capital use to get financial leverage is	Debentures	Equity capital	Debt capital	Short term loans	3
4	182	Effective use of leverage reduces the overall cost of	Capital	Money	Production	Sales	1
4	183	Financial leverage implies application of debt capital for maximising	EBIT	PBT	Debt	EPS	4
3	184	Leverages help in	Long term loans	Designing capital structure	Raising short term loans	Raising medium term loans	2
1	185	Leverage analyses relationship between	Equity and Debt	Debentures & loans	Financial & operating leverage	Short term loan & equity	1
4	186	Favourable D. FL should be	More than 1	Equal to 1	Equal to Zero	Less than 1	1
4	187	Favourable D. FL should be	More than 1	Less than 1	Equal to 1	Equal to Zero	1

3	188	Operating leverage is used to measure	Financial Risk	Business Risk	Market Risk	Economic Risk	1
4	189	The limitation operating leverage is	Higher Risk	Profitability	Liquidity	Cost effective	1
3	190	The leverage having combined effect on financial and operating leverage is	Capital gearing	Financial leverage	Operating leverage	Combined leverage	4
4	191	Investment in property requires	More funds	Less funds	Moderate funds	Minimum funds	1
4	192	The credit facility with no repayment obligation is called	Bank Credit	Advance from Customers	Trade Credit	Instalment Credit	2
3	193	The following is a short term finance	Shares	Bills	Bank Loan	Trade Credit	4
4	194	The following is not an instrument of short term finance	Bill of exchange	P/N	Cheque	Credit Cards	3
4	195	Tax saving securities are selected by the investors who are having	Higher tax bracket	Lower tax bracket	Less taxable income	more tax refund	1
4	196	Investment in securities depends on	Age	Sex	Educational level	Attitude of the investors	4
1	197	The objectives of financial management is _____	Wealth Maximisation	Asset Maximisation	Income Maximisation	Expenses Maximisation	1
1	198	The main aim of any business activity is to _____	Earn Profit	CSR	Environment enrichment	employee welfare	1
1	199	Profit is a measure of _____ term performance	Long	Short	Medium	Future	2
1	200	Wealth maximisation objective of a firm is considered _____ to its profit maximisation objective .	At Par	Inferior	Superior	At Discount	3
1	201	_____ handles the financial management of a compay	Creditors	Debtors	Shareholders	Chief Finance Officer	4
1	202	EPS Analysis is _____ tool	Investment decision tool	Financing decision tool	Working Capital Management tool	Performance evaluation tool	2
1	203	Payback method is a _____ tool	Investment decision tool	Financing decision tool	Working Capital Management tool	Performance evaluation tool	1

1	204	ABC analysis is a _____ tool	Investment decision tool	Financing decision tool	Working Capital Management tool	Performance evaluation tool	3
1	205	Ratio Analysis is a _____ tool	Investment decision tool	Financing decision tool	Working Capital Management tool	Performance evaluation tool	4
1	206	Wealth maximisation objective of a firm leads to _____	Increase the physical assets of the firm	Increase the market value of the shares	Increase the current assets of the firm	Increase the cash balance of the company	2
1	207	Wealth maximisation objective of a firm increases the wealth of the _____	Directors	employees	government	shareholders	4
1	208	Capital budgeting is a part of _____ tool	Investment decision tool	Financing decision tool	Working Capital Management tool	Performance evaluation tool	1
1	209	Profit maximisation objective of a firm would result in _____	Cash flow available to shareholders	Risk of investment	Improving Earning per share	Timing of the returns	3
1	210	Finance Function involves _____	Procurement of finance only	Expenditure of funds only	Safe custody of funds only	Procurement and effective utilisation of funds	4
1	211	_____ is a Finance decision tool	ABC analysis	EOQ	IRR	PE Ratio	4
1	212	_____ is a working capital management tool	Profitability Index	EOQ	IRR	PE Ratio	2
2	213	Time value of money means that the worth of a rupee received today is different from the worth of the money received in _____	Present	Past	Future	infinite	3
2	214	Present value is the current value of a _____ Amount	Present	Past	Future	Finite	3

2	215	_____ is a stream of regular periodic payments made or received for a specific period of time	Perpetuity	Interpolation	Present Value	Annuity	4
2	216	_____ is a stream of regular periodic payments made or received for a indefinite period of time	Perpetuity	Interpolation	Present Value	Annuity	1
2	217	The process of finding a precise value that lies between two table value is called as _____	Perpetuity	Interpolation	Present Value	Annuity	2
3	218	Interest is earned only on the original prinicipal	Compound Interest	Simple Interest	Effective rate of Interest	Annuity	2
3	219	Interest is earned on the original prinicipal and Interest thereon	Compound Interest	Simple Interest	Effective rate of Interest	Annuity	1
3	220	It is the actual equivalent annual rate of interest at which an investment grows in value when interest is credited more often than once in a year	Compound Interest	Simple Interest	Effective rate of Interest	Annuity	3
3	221	Ravi promises to pay Rs 1200 after 2 years for a loan of Rs 1000. Calculate the annual interest rate of the loan?	10%	10.5%	9%	9.5%	4
3	222	if an investment doubles in 5 years at annual compounding rate ,Calculate the annual rate of return on the investment ?	14.87%	18.74%	50%	100%	1
3	223	Assume you purchase a 6year,10percent savings certificate for Rs 1000. If interest is compounded annually .What will be the value of certificate when it matures ?Table value is =1.771561	Rs 1771.56	Rs 1600	Rs 10629.36	Rs 177.156	1
3	224	Assume you purchase a 8year,10percent savings certificate for Rs 2000.If interest is compounded annually .What will be the value of certificate when it matures ?Table value is =2.143589	Rs 2143.58	Rs 4287.178	Rs 2002.14	Rs 4002.14	2



3	225	Investment of Rs1000,Interest rate of 7%,Calculate the Present value of the amount to be received after a duration of 9 years ?PV value is 0.543934	Rs 630	Rs.543.9	Rs 4895.406	Rs 34267.8	2
3	226	Identify the Balance sheet ratio?	Gross profit ratio	Net Profit Ratio	Debt -equity ratio	Stock turnover ratio	3
3	227	Identify the Revenue ratio?	Debtors turnover ratio	Current ratio	Debt -equity ratio	Stock turnover ratio	4
3	228	Identify the Composite ratio	Debtors turnover ratio	Current ratio	Debt -equity ratio	Liquid ratio	1
3	229	Identify the Liquidity ratio.	Debtors turnover ratio	Current ratio	Debt -equity ratio	Stock turnover ratio	2
3	230	Identify the leverage ratio	Debtors turnover ratio	Current ratio	Debt -equity ratio	Stock turnover ratio	3
3	231	Identify the activity ratio .	Capital gearing ratio	Current ratio	Debt -equity ratio	Stock turnover ratio	4
3	232	Identify the profitability ratio	Capital gearing ratio	Gross profit ratio	Debt -equity ratio	Stock turnover ratio	2
3	233	Identify the covergae ratio	Capital gearing ratio	Gross profit ratio	Debt service ratio	Stock turnover ratio	3
3	234	Identify the ratio useful for short term creditors	Capital gearing ratio	Gross profit ratio	Debt service ratio	Current ratio	4
3	235	Identify the ratio useful for shareholders	Return on equity capital	Gross profit ratio	Debt service ratio	Current ratio	1
3	236	Identify the ratio useful for Management	Return on equity capital	Return on Capital Employed	Debt service ratio	Current ratio	2
3	237	Identify the ratio useful for Long term creditors	Return on equity capital	Debt -equity ratio	Stock working capital ratio	Current ratio	2
3	238	What is not a part of quick assets ?	Debtors	Stock	Bills Receivable	Cash	2
3	239	What is not a part of quick liabilities ?	Creditors	Bills payable	Bank Overdraft	Outstanding expenses	3

3	240	Equity share capital Rs 25,00,000,Closing stock Rs 6,00,000,Stock turnover ratio is 5 times ,Gross profit is 20%,Net profit/Sale is 20%,Net profit /Capital=1/4.Calculate Net profit ?	5,00,000	6,50,000	6,25,000	6,00,000	3
3	241	Equity share capital Rs 25,00,000,Closing stock Rs 6,00,000,Stock turnover ratio is 5 times ,Gross profit is 20%,Net profit to Sale is 20%,Net profit to Capital is 1/4.Calculate Sales ?	31,00,000	31,25,000	31,50,000	31,75,000	2
3	242	Equity share capital Rs 25,00,000,Closing stock Rs 6,00,000,Stock turnover ratio is 5 times ,Gross profit is 20%,Net profit to Sale is 20%,Net profit to Capital is 1/4.Calculate Gross Profit ?	7,21,250	7,41,250	7,61,250	7,81,250	4
3	243	Equity share capital Rs 25,00,000,Closing stock Rs 6,00,000,Stock turnover ratio is 5 times ,Gross profit is 20%,Net profit to Sale is 20%,Net profit to Capital is 1/4.Calculate opening stock ?	3,37,500	3,57,500	3,77,500	3,97,500	1
3	244	Equity share capital Rs 25,00,000,Closing stock Rs 6,00,000,Stock turnover ratio is 5 times ,Gross profit is 20%,Net profit to Sale is 20%,Net profit to Capital is 1/4.Calculate cost of goods sold ?	23,43,750	23,53,750	23,65,750	23,75,750	1
3	245	Current ratio is 3:1,Working capital is Rs 5,00,000.Calculate Current assets ?	2,50,000	5,00,000	7,50,000	10,00,000	3
3	246	Current ratio is 3:1,Working capital is Rs 5,00,000.Calculate Current Liabilities?	2,50,000	5,00,000	7,50,000	10,00,000	1
3	247	The objective of capital restructuring is to _____the cost of capital	Overvalue	Maximise	Minimise	Maintain	3
3	248	The objective of capital restructuring is to _____the the value of the firm	Undervalue	Maximise	Minimise	Maintain	2

3	249	The _____ cost is discounted rate that equates the present value of the cash inflow with the present value of the cash outflow	Implicit	Average	Marginal	Explicit	4
3	250	_____ cost is opportunity cost	Implicit	Average	Marginal	Explicit	1
3	251	The mean cost of capital is known as _____ cost	Implicit	Average	Marginal	Explicit	2
3	252	_____ cost is the cost for raising additional amount of capital	Implicit	Average	Marginal	Explicit	3
3	253	Cost of capital includes _____	Cost of equity only	Cost of debt only	Cost of preference shares only	Cost of equity, preference, debt and retained earnings	4
3	254	A ltd has Rs.5,00,000,10% Debentures .The tax rate is 50%.Calculate the cost of debentures ?	4%	5%	6%	10%	2
3	255	A ltd has Rs.5,00,000,10% Debentures .The tax rate is 50%.Calculate the tax shield ?	15,000	20,000	25,000	50,000	3
3	256	A ltd has Rs.5,00,000,20% Debentures .The tax rate is 50%.Calculate the cost of debentures ?	5%	10%	15%	20%	2
3	257	A ltd has Rs.5,00,000,20% Debentures .The tax rate is 50%.Calculate the tax shield ?	25,000	50,000	75,000	1,00,000	2
3	258	The interest on debentures is calculated on _____	Premium value	Market value	Discounted value	Face value	4
3	259	B ltd issued 5,000 ,20% preference shares of Rs 100 each at Rs 95 each ,reedemable after 10 years .Calculate the cost of preference shares .	19%	20%	21%	22%	3
3	260	Cost of equity shares is _____	Interest /Market price per share	Dividened/Market price per share	Commission /Market price per share	Income tax /Market price per share	2

3	261	Dividened per share is Rs 3 and Net proceeds per equity share is Rs 20.Calculate the cost of equity shares ?	15%	7%	60%	17%	1
3	262	Dividened per share is Rs 6 and Market price of equity share is Rs 30.Calculate the cost of equity shares ?	20%	5%	18%	36%	1
3	263	Earnings per share is Rs 5 and Market price of equity share is Rs 50.Calculate the cost of equity shares ?	10%	15%	20%	30%	1
3	264	Dividened per share is Rs 3 and Market price of equity share is Rs 30.Annual growth rate of earnings of dividened is 5%.Calculate the cost of equity shares ?	10%	15%	20%	30%	2
3	265	Cost of equity shares is 20%.Dividened is Rs 10.Growth rate is 10%.Calculate the market value of the equity shares ?	25	50	75	100	4
3	266	Profit before interest and tax is Rs 20,000.Capital employed is Rs 5,00,000.Income tax rate is 50%.Calculate the cost of capital ?	4%	2%	8%	10%	2
4	267	The total value of shares,reserves,debentures and borrowings of the company is known as _____	Overcapitalisation	Undercapitalisation	Capitalisation	Cost of capital	3
4	268	The market value of overcapitalised company is _____	Very High	Medium	Low	High	3
4	269	The market value of undercapitalised company is _____	Very Low	Medium	Low	High	4
4	270	The rate of earnings per share of overcapitalised company is _____	Very High	Medium	Very Low	High	3
4	271	The rate of earnings per share of undercapitalised company is _____	Very Low	Medium	Low	Very High	4

4	272	_____risk is due to the environment in which the firm has to operate	Business	Finance	Insolvency	Variation	1
4	273	_____risk is due to additional capital in form of debts used by the firm apart from equity share capital	Business	Finance	Opportunity	Inflation	2
4	274	The Optimum Capital structure _____ the value of the shareholders capital	Maximises	Minimises	Maintains	Undervalues	1
4	275	The company has two capital structure alternatives . Equity share capital of Rs 20,00,000 or 15%Debentures of Rs 10,00,000 and Equity share capital of Rs.10,00,000.Calculate the level of Earnings before Interest and Tax(EBIT) at which the indifference point will be same .Assume Income Tax Rate at 50% and Face value of equity shares as Rs 10 in each case.	2,00,000	3,00,000	4,00,000	5,00,000	2
4	276	The company has two capital structure alternatives . Equity share capital of Rs 20,00,000 or 10%Preference share capital of Rs 10,00,000 and Equity share capital of Rs.10,00,000.Calculate the level of Earnings before Interest and Tax(EBIT) at which the indifference point will be same .Assume Income Tax Rate at 50% and Face value of equity shares as Rs 10 in each case.	2,00,000	3,00,000	4,00,000	5,00,000	1
4	277	Calculate Earnings per share (EPS) When Earnings before income and tax is Rs 6,00,000,Tax Rate is 40% and Number of equity shares is 3,00,000.	0.12	0.24	1.2	2.4	3

3	278	Calculate Earnings per share (EPS) When Earnings before income and tax is Rs 6,00,000, Interest is Rs 1,00,000, Tax Rate is 50% and Number of equity shares is 2,00,000.	1.25	2.25	1.52	2.52	1
4	279	Calculate Earnings per share (EPS) When Earnings before income and tax is Rs 6,00,000, Interest is Rs 1,00,000, Preference dividend is Rs 50,000, Tax Rate is 50% and Number of equity shares is 2,00,000.	0.5	1	1.25	1.5	2
3	280	Debt financing is a cheaper mode of finance because of	Time value of money	Rate of interest	Tax deductibility of interest	Dividend not payable to lenders	3
4	281	Finance break even point level of EBIT is the point at which _____	EPS is one	EPS is zero	EPS is Infinite	EPS is negative	2
1	282	_____ leverage measures business risk only	Operating	Finance	Combined	Total	1
4	283	_____ leverage measures Financial risk only	Operating	Finance	Combined	Total	2
4	284	_____ leverage measures Total Risk	Operating	Finance	Combined	Capital structure	3
4	285	if contribution is high and EBIT is low .The value of Operating leverage will	High	Low	Medium	Very low	1
4	286	Degree of combined leverage is calculated as _____	DOL + DFL	DOL - DFL	DOL × DFL	DOL ÷ DFL	3
4	287	Degree of operating leverage is calculated as _____	Contribution + EBIT	Contribution - EBIT	Contribution × EBIT	Contribution ÷ EBIT	4
3	288	Degree of financial leverage is calculated as _____	EBIT + EBT	EBIT × EBT	EBIT ÷ EBT	EBIT - EBT	3
4	289	Degree of combined leverage is calculated as _____	Contribution + EBT	Contribution × EBT	Contribution ÷ EBT	Contribution - EBT	3

3	290	If sales is 50 lakhs ,Variable cost is 20 lakhs ,Fixed cost is 10 lakhs ,Interest is 5 Lakhs .Calculate operating leverage	1.5	1.2	1.4	1.6	1
4	291	If sales is 50 lakhs ,Variable cost is 20 lakhs ,Fixed cost is 10 lakhs ,Interest is 5 Lakhs .Calculate financial leverage?	1.3	1.4	1.5	1.6	1
4	292	If sales is 50 lakhs ,Variable cost is 20 lakhs ,Fixed cost is 10 lakhs ,Interest is 5 Lakhs .Calculate combined leverage	2	3	4	5	1
4	293	Operating leverage is 2 and Financial leverage is 5.Calculate combined leverage when equity share capital is Rs 10,00,000 ?	5	10	15	20	2
4	294	Operating leverage is 2 and contribution is Rs 1000.Calculate EBIT?	2000	500	1002	998	2
4	295	Financial leverage is 2 and EBT is Rs 1000.Calculate EBIT?	500	1002	998	2000	4
3	296	Percentage of change in operating income is 20% and Percentage of change in Revenue is 5%.Calculate operating leverage ?	4	100	15	25	1
1	297	Investment can be defined.	Person's dedication to purchasing a house or flat	Use of capital on assets to receive returns	Usage of money on a production process of products and services	Net additions made to the nation's capital stocks	2
1	298	The concept of Financial management is.	Profit maximization	All features of obtaining and using financial resources for company operations	Organization	Effective Management of every company	2
1	299	What is the primary goal of financial management?	To minimise the risk	To maximise the owner's wealth	To maximise the return	To raise profit	2

1	300	GST is a consumption of goods and service tax based on.	Development	Dividend	Duration	Destination	4
1	301	The finance manager is accountable for.	Earning capital as	Effective management of a fund	Arrangement o	Proper utilization of funds	3
1	302	The market value of a share is responsible for	The investment m	The government	Shareholders	The respective companies	1
1	303	The capital budget is associated with	Long terms and sho	Fixed assets	Long terms asse	Short term assets	3
1	304	CAPM stands for	Capital asset prici	Capital amount pri	Capital amount	Capital asset printing model	1
1	305	What does financial leverage measure?	No change with EBI	The sensibility of EBIT with % change with respect to output	The sensibility of EPS with % change in the EBIT level	% variation in the level of production	3
1	306	From the below-mentioned items which are financial assets?	Machines	Bonds	Stocks	Bonds and stocks	2
1	307	Market value of the share decided by _____	Respective compa	The investment ma	Government	Shareholders	2
1	308	The valuation of a financial asset is based on determining:	The present value of future cash flows	The current yield to maturity on long term corporate bonds	The capital bud	What the corporation is paying to attract preferred shareholders	1
1	309	When the coupon rate on a bond is equal to the yield to maturity, the price of the bond will be:	Par	Above par	Below	More information	1



1	310	To determine the price of preferred stock:	Divide the rate of return by the dividend amount	Divide the dividend amount by the rate of return	Divide the dividend amount by the rate of return minus the growth rate	Divide the dividend amount by the growth rate	2
1	311	The field of finance is closely related to the fields of:	Statistics and econ	Statistics and risk a	Economics and	Accounting and comparative return analysis	3
1	312	Which of the following properly lists balance sheet items in order of liquidity, from most liquid to least liquid?	Accounts receivable, inventory, marketable securities, cash.	Cash, marketable securities, accounts receivable, inventory.	Inventory, marketable securities, cash, accounts receivable.	Cash, inventory, accounts receivable, marketable securities.	2
1	313	Amortization is considered a source of funds to the firm because:	It is purely an accounting entry and doesn't involve a direct disbursement of funds, freeing up these funds for other investments	It represents a reduction in asset holdings	It represents an increase in an asset account	Amortization is not a source of funds	1
1	314	Profitability ratios measure	The speed at which the firm is turning over its assets	The ability of the firm to earn an adequate return on sales, total assets, and invested capital	The firm's ability to pay off short term obligations as they are due	The debt position of the firm in light of its assets and earning power	2

1	315	All of the following are factors influencing the choice of marketable securities except:	Yield	Maturity	Market	Maximum investment	4
1	316	Annuity payments are generally assumed to occur:	During the period	At the beginning of t	At the end of t	It doesn't matter	3
1	317	Finance Function comprises	Safe custody of fu	Expenditure of fund	Procurement o	Procurement & effective use of funds	4
1	318	Financial management mainly focuses on	Efficient management of every business	Brand dimension	Arrangement of	All elements of acquiring and using means of financial resources for financial activities	4
2	319	Nominal Interest Rate is also known as _____	Annual percentage	Effective interest Rat	Periodic interest	Coupon rate	1
2	320	The Time value of money must be considered in total outlay decision because?	Cash inflows and out flows occur at different point	Inflation greatly reduce the outflows	A dollar received in future is more value able than a dollar today	Cash flows are not known with certainty	1
2	321	Money has time value because	Individuals prefer future consumption to present consumption	Money today is worth more than money tomorrow in terms of purchasing power	There is no possibility of earning risk free return on money invested today	Money today is worth less than money tomorrow in terms of purchasing power	2

2	322	The basic rule of the time value of money is ____	Investments will always be worth more tomorrow than they are today	It's always wiser to save a dollar for tomorrow than to spend it today	A dollar in hand today is worth more than a dollar promised at some time in the future	All of the above express an aspect of the basic rule of time value of money	3
2	323	Which of the following is not a determinant of market interest rates?	The inflation premium	The maturity risk premium	The volatility risk	The real rate of interest	3
2	324	If the deposit Rs. 1,000 today in a bank which pays 12% interest compound annually, how much will the deposit grow to after 8 years and 12 years?	Rs. 3,896	Rs. 3,496	Rs. 4,369	Rs. 3,986	1
2	325	What will be FV, if investment is Rs. 5000 at 13% simple interest rate for 7 years?	Rs. 9,550	Rs. 5,955	Rs. 9,200	Rs. 9,100	1
2	326	If deposit Rs. 1000 annually in a bank for 3 years and your deposits earn a compound interest rate 10%. What will be an annuity at the end of 3 years?	Rs. 3,310	Rs. 1,331	Rs. 3,130	Rs. 3,210	1
2	327	You want to buy a house after 5 years when it is expected to cost Rs.50 Lakhs, How much should you save annually if your savings earn a compound interest of 10%.	Rs. 8,90,000	Rs. 8,19,000	Rs. 7,19,000	Rs. 8,09,000	2
2	328	Calculate the PV of perpetuity Rs. 2,40,000 per year for infinite period at an effective rate of interest of 12% p.a.	Rs. 20,00,000	Rs. 20,80,000	Rs. 21,00,000	Rs. 20,40,000	1
2	329	Calculate value of bond if every year interest will be 70 Rs. If the current yield is 8% .	Rs. 875	Rs. 800	Rs. 835	Rs. 870	1
2	330	Which method does not consider the time value of money?	Net present value	Internal rate of return	Average rate of return	Profitability index	3
3	331	Short term assets can be converted into cash ____	Current assets	Fixed assets	Investment	Intangible assets	1

3	332	Quick assets is divide by Current liabilities is ____	Current ratio	Liquid ratio	Stock turnover	Profitability ratio	2
3	333	Which of the following not included into accounting ratio?	Liquidity ratio	Profitability ratio	Solvency ratio	Control ratio	4
3	334	Sales in the year ending 31st March 2020 were Rs.43,200. Identify the gross profit ratio, as a percentage, in each of the following independent situations: Gross profit for the year was Rs. 5,400	25%	20%	12.50%	20%	3
3	335	Liquidity Ratio _____	Capital Gearing Ratio, Debt-Equity Ratio and proprietary ratio	Liquid ratio and Current ratio	Stock turnover Ratio; Debt Ratio . Turnover ratio	Return On investments; Return on equity capital	2
3	336	Following Profitability Ratios Are useful for shareholders _____	Liquid Ratio and stock-working Capital	Return on proprietors. Funds, Return on equity capital	Operating Ratio	Working capital ratio	2
3	337	Standard Proprietary Ratio is _____	2:1	65%	1:1.33	1:1	2
3	338	Net Profit After Interest Is Used For computing _____	Return on proprietorship	Return On Investment	Return On Equity	Earnings Per Share	1
3	339	The bank overdraft is equal to _____	Current liabilities + Liquid liabilities	Current liabilities - Liquid liabilities	Current assets - Liquid liabilities	Current assets - Stock and prepaid expenses	2
3	340	Debtors. Turnover ratio shows the number of days taken by the company to collect money from _____	Accounts receivable	Accounts payables	Bills payable	Advances	1

3	341	The following information is related to A ltd: Current liabilities = Rs. 150 lakh closing inventory = Rs. 100 lakh Current ratio = 1.5 Debtors. = Rs. 100 lakh what is the amount of cash and bank balance (assuming there are no other current assets)?	Rs. 18 lakh	Rs. 10 lakh	Rs. 12 lakh	Rs. 25 lakh	4
3	342	The short-term creditors are interested in	liquidity ratios	valuation ratios	leverage ratios	capital structure ra	1
3	343	Which of the following is measured by profit margin?	Operating efficiency	Asset use efficiency	Financial policy	Dividend policy	1
3	344	Balance Sheet is based upon which of the following formula?	Assets = Liabilities	Assets + Liabilities = Stockholder's equity	Assets + Stockholder's equity	Assets = Liabilities + Stockholder's equity	4
3	345	Which is the following main decision taken by the financial manager in a company?	Income decision	Financing decision	Appraisal decision	Budget decision	3
3	346	The process of explaining the meaning, significance and relationship between two financial factors is called ...	Summarization	Analysis	Interpretation	analysis and interpretation	3
3	347	The process of comparing various financial factors of a company over a period of time is known as ...	Inter-firm comparison	Ratio Analysis	Intra-firm comparison	Inter-industry comparison	3
3	348	Which of the following is technique of financial statement analysis?	Common-size statement	Comparative statement	Trend analysis	Common-size , Comparative statement and Trend analysis	4
3	349	Which technique used for figures of two or more periods are placed side by side to facilitate easy and meaningful comparisons?	Financial analysis	Common-size statement	Trend Analysis	Comparative statement	4

3	350	Which of these is NOT a limitation of ratio analysis?	They are calculated on past data and there is may not be a true reflection of the business current performance	Financial records may have been manipulated and there are the ratios calculated could be based on potentially miss leaked	Ratios only consider qualitative matters, making than hard to calculate	Inter-firm comparisons can be difficult to not firms report their performance/ generate accounts in the Way	3
3	351	Comparison of financial statements highlights the trend of the _____ of the business	Financial position	Performance	Profitability	Financial position, Performance and Profitability	4
3	352	Trend analysis is significant for _____.	Forecasting and bu	profit planning	Capital rationing	working capital ma	2
3	353	Comparative statement analysis sheet is _____.	vertical analysis	horizontal analysis	either vertical	neither vertical nor horizontal analysis	2
3	354	Horizontal analysis is done by analyzing _____.	Quarterly statement	Half yearly statement	Financial statement	Financial statements of a particular year	4
4	355	The span of time within which the investment made for the project will be recovered by the net returns of the project is known as	Period of return	Payback period	Span of return	IRR	2
4	356	Projects with _____ are preferred	Lower payback peri	Normal payback peri	Higher payback	Moderate paybac	1
4	357	_____ on capital is called 'Cost of capital'.	Lower expecte	Normally expect	Higher exp	Moderate exp	2
4	358	The values of the future net incomes discounted by the cost of capital are called__	Average capital cos	Discounted capital co	Net capital cost	<b>Net present v</b>	4
4	359	Under Net present value criterion, a project is approved if ____	Its net present value is positive and the funds are unlimited	NPV is negative	Zero NPV	NPV is equal to PV	1

4	360	The internal Rate of Return (IRR) criterion for project acceptance, under theoretically infinite funds is: accept all projects which have	IRR equal to the cost of capital	IRR greater than the cost of capital	IRR less than the cost of capital	IRR is zero	2
4	361	Which of the following criterion is often preferred--	Net present value	Profitability index	Internal Rate of Return	Average Cost	2
4	362	Where capital availability is unlimited and the projects are not mutually exclusive, for the same cost of capital, following criteria used__	Payback period	Average cost	Profitability Index	Discounted cash pay	3
4	363	A project is not accepted when_____	Net present value is less than zero	Internal Rate of Return will be greater than cost of capital	Profitability index will be greater than unity	NPV is equal to zero	4
4	364	With limited finance and a number of project proposals at hand, select that package of projects which has _____	The maximum net present value	Internal rate of return is greater than cost of capital	Profitability index	Minimum NPV	1
4	365	A project may be regarded as high risk project when _____	It has smaller variance of outcome but a high initial investment	It has larger variance of outcome and high initial investment	It has smaller variance of outcome and a low initial investment	It has larger variance of outcome and low initial investment	1
4	366	To estimate an unknown number that lies between two known numbers is known as _____	Capital rationing	Capital budgeting	Interpolation	Amortization	3
4	367	Decision criterion with respect to profitability index to accept project if--	Profitability index is equal to or greater than 1	Profitability index is less than 1	Profitability index is greater than 1	Profitability index is greater than 10	2
4	368	_____ of a project is the sum of all present values of all cash inflows minus present value of outflows?	Pay Back Period	Internal Rate of Return	Benefit Cost Ratio	NPV	4
4	369	Classification of cost of capital is not based on _____	Historical cost and implicit cost	Explicit cost and implicit cost	Specific cost and average cost	Substantial cost	4

4	370	The _____ cost refers to the discount rate which equates the present value of cash inflows and present value of cash outflows.	Specific cost	Explicit cost	Implicit cost	Marginal cost	2
4	371	Following is a implicit cost_____	Sunk cost	Replace cost	Oppportunity co	Average cost	3
4	372	R LTd. Issued Rs. 100 lakhs 14% Debentures of Rs. 100 each. Tax rate is 40% Calculate the cost of debt.	8.40%	9.40%	4.80%	7.40%	1
3	373	SK Ltd. Issued Rs. 100 lakhs 14% debentures of Rs. 100 each. Tax rate is 40%. Calculate cost of debt if debentures are issued at 10% discount with 5% flotation cost.	8.92%	9.14%	9.82%	4.98%	3
4	374	PK Ltd. Issued Rs. 100 lakhs 14% debentures of Rs. 100 each redeemable at par after 5 years. Tax rate is 40%. Calculate cost of debt if debentures are issued at 10% premium with 5% flotation cost	6.33%	5.33%	7.33%	8.33%	3
3	375	The factor which is not relevant for determination of debt equity mix	Taxation	Nature of asset base	Industry norms	Viability of cash flo	3
4	376	Capital structure decision should always aim at having debt component in order to _____	Gain tax savings	Balance the capital s	Gain control	Increase EPS	4
1	377	If financial EBIT is less than break-even point then—	EPS will be positive	EPS will be negative	No effect on EPS	Cash of debt increa	2
4	378	Following is not the assumption of MM approach.	Investors behave r	Investors are free to buy and sell securities	There is a cash t	Investors can borrow without restriction	3
4	379	The irrelevance theory of dividend was supported by _____	Walter	MM	Gordon	Fayol	2
4	380	The relevance theory of dividend was supported by _____	Walter	MM	Gordon	Fayol	1
4	381	The most common form of dividend payment is _____	Stock dividend	Cash dividend	Stock split	Bonus issue	2



4	382	Guideline for issue of bonus shares are issued by _____	SEBI	RBI	Income tax act	Company Law	1
3	383	Ploughing back of profit means _____	Declaration of dividend	Retaining profits	Re-investing profits	Building reserves	2
4	384	Relationship between dividend per share and earning per share is known as :	Dividend payout	Dividend Yield	Dividend per share	EPS	1
3	385	A high geared company exposes to _____	Business Risk	Financial Risk	Inflation Risk	Interest Rate risk	2
4	386	Interest on Debentures Rs. 4,00,000 preference dividend Rs. 2,00,000. Tax rate is 4%. If EBIT is Rs. 15,00,000 the financial leverage is _____	1.75	2.88	1.96	3.75	3
4	387	Financial leverage is _____	EBIT/EBT	EBT/EBIT	C/EBT	C/EBIT	1
4	388	Operating leverage is 1.26 and financial leverage is 1.02. the combined leverage is _____	2.9%	1.29%	3.29%	4.50%	2
4	389	Effective use of leverage reduces the overall cost of _____.	Capital	Money	Production	Sales	4
4	390	Leverages help in _____.	Long term loans	Designing capital structure	Raising short term	Rising medium term	2
3	391	Operating leverage is used to measure _____.	Financial risk	Business risk	Market risk	Economic risk	1
4	392	The leverage having combined effect on financial and operating leverage is _____	Capital gearing	Financial leverage	Operating leverage	Combined leverage	4
4	393	Investment is made with a view to earn _____	Dividend	Interest	Income	Profit	3
4	394	Investment in movable assets yield _____	Recurring income	Non recurring income	Assured income	Un-assured income	2
4	395	An insurance scheme is basically a _____	Protection scheme	Saving scheme	Investment scheme	Dividend scheme	1
4	396	the most popular tax saving scheme is _____.	PPF	RD	Public Deposits	MIS	1
3	397	The following is a short term finance _____	Shares	Bills	Bank loan	Trade credit	4
2	398	Identify the ratio useful for Management	Return on equity capital	Return on Capital Employed	Debt service ratio	Current ratio	2
2	399	Identify the ratio useful for Long term creditors	Return on equity capital	Debt -equity ratio	Stock working capital ratio	Current ratio	2

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