

Bachelor of Management Studies(BMS)Programme

Third YearSemester Vand VI Under Choice Based Credit, Grading and Semester System (REV 18-19)

Course : TYBMS

SEM : VI

Group A: Finance Electives

Paper :STRATEGIC FINANCIAL MANAGEMENT

SAMPLE QUESTIONS

Q. No.	Question	Option A	Option B	Option C	Option D	Correct Option
1	A set of guidelines about dividend is known as _____.	Dividend Policy	Capital structure policy	Working Capital Policy	Capital Budgeting Policy	A
2	Corporation tax does not exist is not the assumption of _____ theory.	Gordon	Fayol	Modigliani & Miller	Walter	B
3	Walter's Model suggest for 100% DP Ratio when _____.	$k_e = r$	$k_e < r$	$k_e > r$	$k_e = 0$	C
4	Payment of fixed dividend is known as _____.	Constant Payout	Fluctuating Dividend	Cash Dividend	Stock Dividend	A
5	The irrelevance theory of dividend was supported by _____.	Walter	Modigliani & Miller	Gordon	Fayol	B
6	XBRL provides _____.	Numerical accuracy	Proper HR policies	Effective Measure of Performance	effective dividend strategy	A
7	XBRL is based on_____.	Marketing function	XML	MCA	IDAR	B
8	XBRL India is formed as a _____.	Registered Company	Trust	Government corporation	Unlimited Liability Companies	A
9	XBRL provides _____.	Numerical accuracy	Proper HR policies	Effective Measure of Performance	effective dividend strategy	A
10	XBRL stands for _____.	Extra business regulation Ltd.	Excursive business reporting law	Extra – ordinary business reporting language	Extensible business reporting language	D
11	_____ is authorised to develop XBRL.	ICAI	MCA	SEBI	IDRA	A
12	In India _____ is authorised to develop XBRL.	SBI	SEBI	ICAI	NSE	C
13	XML stands for _____.	Extensible mark up language	Extensible marking language	Extensible Marketing lessen	Extensible Marketing Leader	A
14	Capital Budgeting decisions involves risk due to _____.	Time Factor	Money Factor	Human Factor	Calculation Factor	A
15	In case of risky project the required rate of return would generally be _____.	Higher	Lower	Same as for others	Standard return	A

16	Formula for calculating PI is _____.	PVCI/PVCO	PVCI/NPV	NPV/PVCO	PVCO/PVCI	A
17	_____ is the full form of RADR.	Risk Adjusted Discount Rate	Rate Adjusted Discounting Rate	Risk Automatic Discount Rate	Rate Automatic Diacount Rate	A
18	Capital rationing is selection of investment proposal under _____.	Constraint of funds.	Weakness of Capital Market	Funds are abundant today	No Constraints of funds	A
19	Under sensitivity analysis _____ factor is identified.	Most insensitive	Most Sensitive	Sensitivity of human factor is identified	Sensitivity of returns	B
20	Higher the risk, _____ will be the discount rate.	The degree of risk	The degree of certainty	Higher	Lower	C
21	Capital rationing may arise due to _____.	Imperfection of Capital Market	Perfection in Capital Market	Stronge Capital Market	Availability of Fund	A
22	_____ is considered as external factor for determining dividend policy.	Retained Earning	Liquidity	Govt. Policy	Stages of the Organization	C
23	Co-efficient of variation indicates that _____.	Higher the co-efficient, the riskier is the project.	Lower the co-efficient, the riskier is the project	Lower the co-efficient higher the risk in the project.	Higher the co-efficient, high risk in the project.	A
24	In probability analysis _____.	Probability is assigned to each year's cash inflow.	Probability is assigned to cash outflow.	Probability is assigned to economic situation	PV factor is assigned to each years cashflow.	A
25	In IRR technique project will be rejected when, _____.	IRR> Risk Free Discount Rate	IRR< Risk Free Discount Rate	IRR= Risk Free Discount Rate	IRR= 0	B
26	In IRR technique project will be accepted when, _____.	IRR> Risk Free Discount Rate	IRR< Risk Free Discount Rate	IRR= Risk Free Discount Rate	IRR= 0	A
27	Recent corporate paradigm is	Maximisation of shareholder's value	Maximisation of net profit	Maximization of market capitalisation	Minimize net profit	A
28	Financial goals are	Quantitative	Qualitative	Subjective	Objective	A
29	Amalgamation is governed by	AS 14	AS 3	AS 21	AS 32	A
30	Net profit for calculation of EVA is	NPAT	NPBT	NOPAT	NOP	C
31	Return on Investment =	N.P. After tax/Net worth * 100	Net Operating Profit/Investment * 100	N.P. Before Tax/Net worth * 100	Operating Profit/Capital Employed * 100	D

32	Cost of Debt before tax =	Interest / Debt * 100	Profit / Sales * 100	Profit/Total Assets * 100	N.P. Before Tax/Net worth * 100	A
33	MVA stands for _____.	Market value amalgamation	Market of value absorption	Market value added	Market value absorption	C
34	Caluculate EPS of Domino Ltd, if NPAT ₹2,00,000 & no. of equity shares is 40,000	₹2	₹3	₹4	₹5	D
35	EVA is positive when _____ .	NOPAT exceeds the Weighed Average Cost of Capital	NPAT exceeds the Weighted Average Cost of Capital	Gross profit exceeds the Weighted Average Cost of Capital	NPBT exceeds weighted average cost of capital	a
36	What are conglomerate mergers?	Merger between same type of firms	Merger between unrelated type of business	Vertical integration	Horizontal integration	B
37	Increased EPS is the benefit of	Corporate Restructuring	Dividend Policy	Cost accounting	Financial accounting	A
38	Capital gearing Ratio =	Capital having fixed cost of finance/capitla not having fixedcost of finance	Equity / Debt	Debt/Equity	Operating Profit/Capital Employed	A
39	MPBF refers to	Maximum Permissible Bank Finance	Minimum Permissible Bank Finance	Bank overdraft	Cash credit	A
40	Bills purchased and dicounted is treated as NPA when they remain unpaid for more than	40days	90days	45days	25days	B
41	NPA stands for _____.	Net Performing Assets	Non-Performing Assets	Non-Privilege Assets	Nor Performing Asstes	B
42	External short term source include	Bank overdraft	Equity shares	Prefernce shares	Bond	A
43	The percentage of provision required on sub-standard asset on secured portion is	0.15	0.12	0.1	0.05	A
44	Working Capital is _____.	Current asset	Current liability	Current asset –current liability	Current Asset + Current laibility	C

45	Depreciation (SLM) p.a =	Original cost- Salvage value/Estimated life	Tier 1 capital - Tier 2 capital/Risk weighted assets * 100	Face value - Price paid/Price paid * Actual number of days in year/Term length in days	Current Assets - Current Liability	A
46	Public Deposits are accepted for a maximum of	2 years	3 years	5 years	1 year	B
47	Term loan becomes NPA when interest / principal remains over due for a period of more than	90days	180days	30days	45days	A
48	RBI appointed a study group under the chairman of Tandon committee	1975	1976	1977	1978	A
49	The percentage of provision on loss asset is	0.3	0.5	0.75	1	D
50	The percentage of provision required on doubtful asset upto 1 years is	0.25	0.2	0.4	0.5	A

Sr. No	Question	a	b	c	d	A N S
1	Ploughing back of profit means	Declaration of dividend	Retainning profits	Re-investing profits	Building reserves	b
2	The first taxonomy for financial reporting was released on	30th june,2003	31st july,2000	26th january, 2003	15th august, 2009	b
3	Banks in India have to achieve C.A. Ratio of	9%	15%	5%	10%	a
4	Amalgamation is governed by	AS 14	AS 3	AS 21	AS 32	a
5	The % of provision required on sub-standard asset on secured portion is:	15%	12%	10%	5%	a
6	The % of provision on unsecured portion of doubtful asset is:	125%	100%	75%	25%	b
7	Cash credit and overdrafts is considered as NPA when is remains out of order for more than:	90 days	30 days	60 days	45 days	a
8	The models known as bird in the hand argument	Gordon's Model	Walter's Model	Fayol's Model	Henry Model	a
9	Loans upto Rs. 1,00,000 against gold and silver ornaments carry risk	50%	10%	100%	20%	b
10	Provision for standard asset in respect of advances to commercial Real Estate sector is	1%	2%	2%	0%	d
11	The policy in which less dividend is paid is	Liberal dividend policy	Conservative dividend policy	Stable dividend policy	Fluctuating dividend policy	b

12	Present Value of a Rupee is always:	Equal to its Future Value.	Greater than its Future Value.	Less than its Future value	Is not related to its Future Value	c
13	An ideal current ratio must be-----	2 : 1	1 : 2	1 : 1	2.5 : 1	a
14	The abbreviation "IPO" stands for-----	Indian Public offer	Indian Post Office	Initial Private Offer	Initial Public Offering.	d
15 shares are issued free of cost	Equity	Rights	Preference.	Bonus	d
16	SEBI Act was passed in the year-----	1956	1988	1992	1947	c
17	Goodwill is an example of ---- asset	Tangible.	Intangible.	Fictitious	Current	b
18	Traditionally UTI was a-----	Bank	Mutual Fund.	Financial Institution	Insurance company	b
19	Members of recognised stock exchanges are termed as	Brokers	Underwriters	Shareholders	Lead Managers.	a
20	A shareholder invests in a Company's Shares mainly-----	For Capital appreciation	To receive Dividends.	To receive Bonus and rights shares	To receive interest on investment regularly.	a
21	Which of the following is not applicable to IRR?	Considers all cash flows	Based on time value of money	Common for all projects	Stated in % return	c
22	PQR Ltd. Is a profit-making company. It is absorbed into another group company XYZ Ltd. Which is a loss Company. This case is off	Hostile takeover bid	Horizontal merger	Reverse merger	Takeover	c
23	ABC Ltd. acquires hundred percent of preference share capital of PQR Ltd. It would result in	Hostile takeover bid	Vertical merger	No relationship	Holding Subsidiary relationship	d

24	TCs Ltd. acquires HCL Ltd., MPS of HCL Ltd. Is Rs.20 and EPS is Rs. 5 for an exchange ratio of 1.5: 1, what was the PE ratio used in acquiring HCL Ltd.?	Rs. 4	Rs. 5	Rs. 6	Rs. 2.67	c
25	Commercial papers is a type of	Fixed Coupon Bond	Unsecured Short Term Debt	Equity Share Capital	Government Bond	b
26	Which of the followings is an item of Current Liability?	Bank Balance	Bank Overdraft	Cash Balance	Unsecured Loans	b
27	In the Balance-sheet ----- stock is indicated	Opening	Closing	Average	Finished Goods	b
28	Rights issue is also called as -----	Privileged Subscription.	Equity Shares	Stock Dividend.	Bonus Shares	a
29 increases the number of shares without actually increasing the paid - up value of the share capital.	Consolidation of Shares.	Stock Split-ups	Bonus Issue	Rights Issue	b
30	A merchant banker-----	is a bank of merchants and businessmen.	provides loan to merchants.	accepts deposits from merchants.	Renders Corporate advisory services.	d
31	Decision involving purchase of fixed assets are also termed as:	Capital Structure Decisions.	Capital Budgeting	Capital Restructuring	Capital Mix Decisions	b
32	A Balance Sheet tallies; because:	It is based on Double Entry System of Accounting	It is based on Single Entry System of Accounting.	All accounts are Computerised.	Total of Assets equals to the total of liabilities	a
33	Which of the following is a security on a moveable property?	Pledge	Mortgage	Hypothecation	Lien	c

34	Time value of Money is based on the principle of:	A stich in time saves nine	A bird in hand; is worth two in a bush.	As you sow; so shall you reap.	Hard Work pays in the long run	b
35	An ideal liquid ratio must be -----	1 : 1	1 : 2	2 : 1	1.33 : 1	a
36	The abbreviation "SIP" in a mutual fund stands for-----	Simple Investment Plan	Systematic Investment Plan	Small Investment Plan	Social Investment Programme	b
37	In case of Mutually Exclusive proposals	only the best project is selected	all projects with positive NPV is are selected	even negative NPV project may be selected	at least two proposals are selected	a
38	Payback period Technique is based on	All cash Flows	Only higher cash Flows	Earlier Cash Flows	Selected Cash Flows	c
39	Which of the following method of evaluation of capital budgeting proposals focuses on liquidity?	Internal Rate of Return	Net present Value	Accounting Rate of Return	Payback Period	d
40	Which of the following methods focuses the maximisation of wealth of shareholders?	Accounting Rate of Return	Payback period	Profitability Index	Internal Rate of Return	c
41	Evaluation of Capital Budgeting Proposals is based on Cash flows because:	Cash Flows are easy to calculate	Cash Flows are Suggested by SEBI	Cash is more important than profit	Cash Flows are unable to prepared	c
42	Which of the following is not included in incremental A flows?	Opportunity Costs	Sunk Costs	Change in Working Capital	Inflation effect	a
43	Savings in respect of a cost is treated in capital budgeting as:	An Inflow	An Outflow	Nil	As One	a

44	Which of the following is not a risk factor in capital budgeting ?	Industry specific risk factors	Competition risk factors	Project specific risk factors	Interest Risk factors	b
45	NPV of a proposal, as calculated by RADR real CE Approach will be:	Same	Unequal	Zero	Equal	c
46	In weighted average cost of capital, rising in interest rate leads to-	Increase in cost of debt	Increase the capital structure	Decrease in cost of debt	Decrease the capital structure	a
47	National Ltd. Has 12,000 equity shares of Rs.100 each. Sale price is equity share Rs.115 per share; flotation cost Rs.5 per share. Expected dividend growth rate is 5% and expected dividend at the end of the financial year is Rs.11 per share, What is the cost of equity shares of National Ltd?	0.1133	0.1278	0.1475	0.15	d
48	Black & White Ltd. Has a cost of equity of 11% and a pre-tax cost of debt of 8.5%. The firm's target Weighted average cost of capital is 9% and its tax rate is 35%. What is the firm's target debt-equity ratio?	0.6203	0.5756	0.5572	0.5113	b
49	The term "capital structure" refers to:	Current assets & Current liabilities	Long-term debt, preferred stock, and common stock equity	Total assets minus liabilities	Shareholders' equity	b
50	The manner in which an organization's assets are financed is referred to as its-	Capital structure	Financial structure	Asset structure	Owners structure	b