

# ACC501 Business Finance Final Term Solved Objective For Preparation of Final Term Exam

1. Which of the following issue is NOT covered by “Investment” area of finance?

Select correct option:

Best mixture of financial investment

**International aspects of corporate finance**

Associated risks and rewards

Pricing financial assets

2. Period costs include which of the following?

Select correct option:

**Selling expense**

Raw material

Direct labor

Manufacturing overhead

**3. Product costs include which of the following?**

Select correct option:

Selling expenses

General expenses

**Manufacturing overhead**

Administrative expenses

**4. Financial policy is evaluated by which of the following?**

Select correct option:

Profit Margin

Total Assets Turnover

**Debt-equity ratio**

None of the given options

**5. Cash flow from assets involves which of the following component(s)?**

Select correct option:

Operating cash flow

Capital spending

Change in net working capital

**All of the given options**

**6. Which of the following refers to the cash flows that result from the firm's day-to-day activities of producing and selling?**

Select correct option:

**Operating Cash Flows**

Investing Cash Flows

Financing Cash Flows

All of the given options

**7. Finance is vital for which of the following business activity (activities)?**

Select correct option:

Marketing Research

Product Pricing

Design of marketing and distribution channels

**All of the given options**

**8. Which of the following costs are reported on the income statement as the cost of goods sold?**

Select correct option:

Product cost

Period cost

**Both product cost and period cost**

Neither product cost nor period cost

**9. Standard Company had net sales of Rs. 750,000 over the past year. During that time, average receivables were Rs. 150,000. Assuming a 365-day year, what was the average collection period?**

Select correct option:

5 days

36 days

48 days

**73 days**

**10. Which of the following terms refers to the use of debt financing?**

Select correct option:

Operating Leverage

**Financial Leverage**

Manufacturing Leverage

None of the given options

**11. In which type of market, new securities are traded?**

Select correct option:

**Primary market**

Secondary market

Tertiary market

None of the given options

**12. Which of the following ratios are particularly interesting to short-term creditors?**

Select correct option:

Liquidity Ratios

Long-term Solvency Ratios

Profitability Ratios

Market Value Ratios

**13. shows the sources from which cash has been generated and how it has been spent during a period of time?**

Select correct option:

## **Income Statement**

Balance Sheet  
Cash Flow Statement  
Owner's Equity Statement

**14. Standard Corporation sold fully depreciated equipment for Rs. 5,000. This transaction will be reported on the cash flow statement as a(n):**

Select correct option:

Operating activity  
Investing activity  
Financing activity  
None of the given options

**15. Quick Ratio is also known as:**

Select correct option:

Current Ratio  
**Acid-test Ratio**  
Cash Ratio

**16. of the following statement measures performance over a specific period of time?**

Select correct option:

**Income Statement**

Balance Sheet  
Cash Flow Statement  
Retained Earning Statement

**17. A portion of profits, which a company retains itself for further expansion, is known as:**

Select correct option:

Dividends  
Retained Earnings  
Capital Gain  
None of the given options

**18. Net Income after taxation differs from Net Cash Flow from operations because:**

Select correct option:

Depreciation expense is shown in the Cash Flow Statement and not in the Income Statement  
Non-cash items are included in the Income Statement, but not in the Cash Flow Statement

Cash sales are shown in the Cash Flow Statement but not in the Income Statement  
Cash expenses are shown in the Cash Flow Statement but not in the Income Statement

**19. Which of the following statement shows assets, liabilities, and net worth as of a specific date?**

Select correct option:

Income Statement

**Balance Sheet**

Owner's Equity Statement

Cash Flow Statement

**20. A portion of profits, which a company retains itself for further expansion, is known as:**

Select correct option:

Dividends

**Retained Earnings**

Capital Gain

None of the given options

**21. Which one of the following is NOT a liquidity ratio?**

Select correct option:

Current Ratio

Quick Ratio

**Cash Coverage Ratio**

Cash Ratio

**22. Which of the following ratio gives an idea as to how efficient management is at using its assets to generate earnings?**

Select correct option:

**Profit Margin**

Return on Assets

Return on Equity

Total Assets Turnover

**23. Which of the following is an example of capital spending?**

Select correct option:

**Purchase of Fixed Assets**

Decrease in Net Working Capital

Increase in Net Working Capital

None of the given options

**24. Which of the following is measured by profit margin?**  
Select correct option:

**Operating efficiency**

Asset use efficiency

Financial policy

Dividend policy

**25. Who of the following make a broader use of accounting information?**

Select correct option:

Accountants

**Financial Analysts**

Auditors

Marketers

**26. Which of the following set of ratios is used to assess a business's ability to generate earnings as compared to its expenses and other relevant costs incurred during a specific period of time?**

Select correct option:

Liquidity Ratios

Leverage Ratios

Profitability Ratios

**Market Value Ratios**

**27. A company having a current ratio of 1 will have \_\_\_\_\_ net working capital.**

Select correct option:

**Positive**

Negative

zero

None of the given options

**28. which of the following is not a form of business organization**

Select correct option:

sole proprietorship

partnership

joint stock company

**cooperative Society**

**29. Which of the following ratios are intended to address the firm's financial leverage?**

Select correct option:

## Liquidity Ratios

### Long-term Solvency Ratios

Asset Management Ratios

Profitability Ratios

**30. The accounting definition of income is:**

Select correct option:

Income = Current Assets – Current Liabilities

Income = Fixed Assets – Current Assets

Income = Revenues – Current Liabilities

**Income = Revenues – Expenses**

**31. Which of the following item(s) is(are) not included while calculating Operating Cash Flows?**

Select correct option:

Depreciation

Interest

Expenses related to firm's financing of its assets

**All of the given options**

**32. Suppose market value exceeds book value by Rs. 250,000. What will be the after-tax**

**proceeds if there is a tax rate of 34 percent ?**

Select correct option:

Rs. 105,600

Rs. 148,500

**Rs. 165,000**

Rs. 225,000

**33. When a corporation wishes to borrow from public on a long-term basis, it does so by issuing or selling:**

Select correct option:

**Debt securities or bonds**

Common Stocks

Preferred Stock

All of the given options

**34. Which of the following set of ratios is used to assess a business's ability to generate earnings as compared to its expenses and other relevant costs incurred during a specific period of time?**

Select correct option:

## Liquidity Ratios

Leverage Ratios  
Profitability Ratios  
Market Value Ratios

**35. In which type of market, used securities are traded?**

Select correct option:

Primary market  
**Secondary market**  
Tertiary market  
None of the given options

**36. Who of the following make a broader use of accounting information?**

Select correct option:

Accountants  
**Financial Analysts**  
Auditors  
Marketers

**37. Which of the following is (are) a non-cash item(s) ?**

Select correct option:

Revenue  
Expenses  
**Depreciation**  
All of the given options

**38. What will be the coupon value of a Rs. 1,000 face-value bond with a 10% coupon rate?**

Select correct option:

**Rs. 100**  
Rs. 510  
Rs. 1,000  
Rs. 1,100

**39. Which of the following comes under the head of discounted cash flow criteria for capital budgeting decisions?**

Select correct option:

**Payback Period**

Net Present Value  
Average Accounting Return  
None of the given options

**40. Period costs include which of the following?**

Select correct option:

**Selling expense**

Raw material

Direct labor

Manufacturing overhead

**41. The value of net working capital will be greater than zero when:**

Select correct option:

**Current Assets > Current Liabilities**

Current Assets < Current Liabilities

Current Assets = Current Liabilities

None of the given options

**42. According to Du Pont Identity, ROE is affected by which of the following?**

Select correct option:

Operating efficiency

Asset use efficiency

Financial Leverage

**All of the given options**

**43. Which of the following issue is NOT covered by “Investment” area of finance?**

Select correct option:

Best mixture of financial investment

**International aspects of corporate finance**

Associated risks and rewards

Pricing financial assets

**44. Standard Corporation sold fully depreciated equipment for Rs. 5,000. This transaction will be reported on the cash flow statement as a(n):**

Select correct option:

**Operating activity**

Investing activity

Financing activity

None of the given options

**45. Balance sheet for a company reports current assets of Rs. 700,000 and current liabilities of Rs. 460,000. What would be the Current Ratio for the company if there**

is an inventory level of Rs. 120,000?

Select correct option:

1.01

1.26

1.39

**1.52**

**46. In which type of business, all owners share in gains and losses and all have unlimited liability for all business debts?**

Select correct option:

Sole-proprietorship

**General Partnership**

Limited Partnerhsip

Corporation

**47. a firm uses cash to purchase inventory, its current ratio will:**

Select correct option:

Increase

Decrease

**Remain unaffected**

Become zero

**48. Which of the following is a special case of annuity, where the stream of cash flows continues forever?**

Select correct option:

**Ordinary Annuity**

Special Annuity

Annuity Due

Perpetuity

**49. Which of the following is an example of positive covenant?**

Select correct option:

**Maintaining any collateral or security in good condition**

Limiting the amount of dividend according to some formula

Restricting pledging assets to other lenders

Barring merger with another firm

**50. Which of the following refers to the difference between the sale price and cost of inventory?**

Select correct option:

Net loss

### **Net worth**

Markup  
Markdown

**51. Which of the following allows a company to repurchase part or all of the bond issue at a stated price?**

Select correct option:

Repayment  
Seniority

### **Call provision**

Protective covenants

**52. \_\_\_\_\_ shows the sources from which cash has been generated and how it has been spent during a period of time?**

Select correct option:

### **Income Statement**

Balance Sheet  
Cash Flow Statement  
Owner's Equity Statement

**53. Which of the following is a cash flow from financing activity?**

Select correct option:

Cash outflow to the government for taxes

### **Cash outflow to shareholders as dividends**

Cash outflow to lenders as interest  
Cash outflow to purchase bonds issued by another company

**54. Which of the following form of business organization is least regulated?**

Select correct option:

### **Sole-proprietorship**

General Partnership  
Limited Partnership  
Corporation

**55. The principal amount of a bond at issue is called:**

Select correct option:

### **Par value**

Coupon value

Present value of an annuity  
Present value of a lump sum

**56. Which of the following relationships holds TRUE if a bond sells at a discount?**

Select correct option:

- Bond Price < Par Value and YTM > coupon rate
- Bond Price > Par Value and YTM > coupon rate
- Bond Price > Par Value and YTM < coupon rate
- Bond Price < Par Value and YTM < coupon rate

**57. When a corporation wishes to borrow from public on a long-term basis, it does so by issuing or selling:**

Select correct option:

**Debt securities or bonds**

- Common Stocks
- Preferred Stock
- All of the given options

**58. Which of the following item provides the important function of shielding part of income from taxes?**

Select correct option:

- Inventory
- Supplies
- Machinery

**Depreciation**

**59. A firm reports total liabilities of Rs. 300,000 and owner's equity of Rs. 500,000. What would be the total worth of the firm's assets?**

Select correct option:

- Rs. 300,000
- Rs. 500,000
- Rs. 800,000**
- Rs. 1100,000

**60. Which of the following forms of business organizations is created as a distinct legal entity owned by one or more individuals or entities?**

Select correct option:

- Sole-proprietorship
- General Partnership
- Limited Partnership

**Corporation**

**61. in which form of Business, owners have limited liability.**

Select correct option:

- sole proprietorship
- partnership
- joint stock company
- none of the above**

**62. Which of the following equation is known as Cash Flow (CF) identity?**

Select correct option:

- CF from Assets = CF to Creditors – CF to Stockholder
- CF from Assets = CF to Stockholders – CF to Creditors
- CF to Stockholders = CF to Creditors + CF from Assets
- CF from Assets = CF to Creditors + CF to Stockholder**

**63. The difference between current assets and current liabilities is known as:**

Select correct option:

- Surplus Asset
- Short-term Ratio
- Working Capital**
- Current Ratio

**64. A borrower is able to pay Rs. 40,000 in 5 years. Given a discount rate of 12 percent, what amount of money the lender should lend?**

Select correct option:

- Rs. 14,186
- Rs. 18,256
- Rs. 22,697**
- Rs. 28,253

**65. Which of the following statement is considered as the accountant's snapshot of firm's accounting value as of a particular date?**

Select correct option:

- Income Statement
- Balance Sheet**
- Cash Flow Statement
- Retained Earning Statement

**66. The principal amount of a bond at issue is called:**

- Par value**

Select correct option:

Par value

Coupon value  
Present value of an annuity  
Present value of a lump sum

**67. Which of the following statement about bond ratings is TRUE?**

Select correct option:

Bond ratings are typically paid for by a company's bondholders.  
Bond ratings are based solely on information acquired from sources other than the bond issuer.

**Bond ratings represent an independent assessment of the credit-worthiness of bonds.**

None of the given options

**68. Which of the following is the acronym for GAAP?**

Select correct option:

Generally Applied Accountability Principles

General Accounting Assessment Principles

**Generally Accepted Accounting Principles**

General Accepted Assessment Principles

**69. Which of the following is NOT an internal use of financial statements information?**

Select correct option:

**Planning for the future through historic information**

Evaluation of performance through profit margin and return on equity

Evaluation of credit standing of new customer

**None of the given options**

**70. A firm has paid out Rs. 150,000 as dividends from its net income of Rs. 250,000.**

**What is the retention ratio for the firm?**

Select correct option:

12 %

25 %

**40 %**

60 %

**71. A portion of profits, which a company distributes among its shareholders, is known as:**

**Dividends**

Select correct option:

**Dividends**

Retained Earnings  
Capital Gain  
None of the given options

**72. Which of the following is(are) the basic area(s) of Finance?**

Select correct option:

Financial institutions  
International finance  
Investments

**All of the given options**

**73. Which of the following ratios is NOT from the set of Asset Management Ratios?**

Select correct option:

Inventory Turnover Ratio  
Receivable Turnover  
Capital Intensity Ratio

**Return on Assets**

**74. You just won a prize, you can either receive Rs. 1000 today or Rs. 1,050 in one year. Which option do you prefer and why if you can earn 5 percent on your money?**

Select correct option:

**Rs. 1,000 because it has the higher future value**

Rs. 1,000 because you receive it sooner  
Rs. 1,050 because it is more money  
Either because both options are of equal value

**75. Which of the following terms refers to the use of debt financing?**

Select correct option:

Operating Leverage  
**Financial Leverage**  
Manufacturing Leverage  
None of the given options

**76. You need Rs. 10,000 to buy a new television. If you have Rs. 6,000 to invest at 5 percent compounded annually, how long will you have to wait to buy the television?**

Select correct option:

8.42 years  
**10.51 years**  
15.75 years  
18.78 years

77. Which of the following is an example of positive covenant?

Select correct option:

**Maintaining firm's working capital at or above some specified minimum level**

Furnishing audited financial statements periodically to the lender

Maintaining any collateral or security in good condition

Restricting selling or leasing assets

78. Which of the following is measured by retention ratio?

Select correct option:

Operating efficiency

Asset use efficiency

Financial policy

**Dividend policy**

79. Which of the following statement shows assets, liabilities, and net worth as of a specific date?

Select correct option:

Income Statement

**Balance Sheet**

Owner's Equity Statement

Cash Flow Statement

80. Product costs include which of the following?

Select correct option:

Selling expenses

General expenses

**Manufacturing overhead**

Administrative expenses

81. An account was opened with an investment of Rs. 3,000 ten years ago. The ending balance in the account is Rs. 4,100. If interest was compounded, how much compounded interest was earned?

Select correct option:

Rs. 500

Rs. 752

Rs. 1,052

**Rs. 1,100**

82. What is the effective annual rate of 7 percent compounded monthly?

Select correct option:

7.00 percent

**7.12 percent**

7.19 percent

7.23 percent

**83. Which of the following cash flow activities are reported in the Cash Flow Statement and Income Statement?**

Select correct option:

**Operating Activities**

Investing Activities

Financing Activities

All of the given options

**84. Which of the following term refers to establish of a standard to follow for comparison?**

Select correct option:

**Benchmarking**

Standardizing

Comparison

Evaluation

**85. Which of the following is measured by profit margin?**

Select correct option:

**Operating efficiency**

Asset use efficiency

Financial policy

Dividend policy

**86. Rule of 72 for finding the number of periods is fairly applicable to which of the following range of discount rates?**

Select correct option:

2% to 8%

4% to 25%

**5% to 20%**

10% to 50%

**87. Which of the following refers to a conflict of interest between principal and agent?**

Select correct option:

Management Conflict

Interest Conflict

**Agency Problem**

None of the given options

**88. Which of the following is a series of constant cash flows that occur at the end of each period for some fixed number of periods?**

Select correct option:

**Ordinary annuity**

Annuity due

Perpetuity

None of the given options

**89. Which of the following area of finance deals with stocks and bonds?**

Select correct option:

Financial institutions

International finance

**Investments**

All of the given options

**90. Which of the following is NOT an external use of financial statements information?**

Select correct option:

Evaluation of credit standing of new customer

**Evaluation of financial worth of supplier**

Evaluation of potential strength of the competitor

Evaluation of performance through profit margin and return on equity

**91. Which of the following is(are) the basic area(s) of Finance?**

Select correct option:

Financial institutions

International finance

Investments

**All of the given options**

**92. If a firm has a ROA of 8 percent, sales of Rs. 100,000, and total assets of Rs. 75,000. What is the profit margin?**

Select correct option:

4.30%

**6.00%**

10.70%

16.73%

**93. Which of the following is the process of planning and managing a firm's long-term investments?**

Select correct option:

Capital Structuring

Capital Rationing

**Capital Budgeting**

Working Capital Management

**94. Which of the following refers to the cash flows that result from the firm's day-to-day activities of producing and selling?**

Select correct option:

**Operating Cash Flows**

Investing Cash Flows

Financing Cash Flows

All of the given options

**95. Quick Ratio is also known as:**

Select correct option:

Current Ratio

**Acid-test Ratio**

Cash Ratio

None of the given options

**96. Mr. Y and Mr. Z are planning to share their capital to run a business. They are going to employ which of the following type of business?**

Select correct option:

Sole-proprietorship

**Partnership**

Corporation

None of the given options

**97. If you have Rs. 30 in asset A and Rs. 120 in another asset B, the weights for assets A and B will be and respectively.**

Select correct option:

**20%; 80%**

37%; 63%

63%; 37%

80%; 20%

98. When corporations borrow, they generally promise to: I. Make regular scheduled interest payments II. Give the right of voting to bondholders III. Repay the original amount borrowed (principal) IV. Give an ownership interest in the firm  
Select correct option:

I and II

**I and III**

II and IV

I, III, and IV

99. Which of the following is NOT included in a bond indenture?  
Select correct option:

The basic terms of bond issue

The total amount of bonds issued

**A personal profile of the issuer**

A description of the security

100. What would be the present value of Rs. 10,000 to be received after 6 years at a discount rate of 8 percent?  
Select correct option:

**Rs. 6,302**

Rs. 9,981

Rs. 14,800

Rs. 15,869

101. Which of the following statement is TRUE regarding debt?  
Select correct option:

Debt is an ownership interest in the firm.

**Unpaid debt can result in bankruptcy or financial failure.**

Debt provides the voting rights to the bondholders.

Corporation's payment of interest on debt is fully taxable.

102. The preferred stock of a company currently sells for Rs. 25 per share. The annual dividend of Rs. 2.50 is fixed. Assuming a constant dividend forever, what is the rate of return on this stock?  
Select correct option:

5.00 percent

7.00 percent

8.45 percent

**10.0 percent**

**103. Which of the following is a special case of annuity, where the stream of cash flows continues forever?**

Select correct option:

Ordinary Annuity

Special Annuity

Annuity Due

**Perpetuity**

**104. Which of the following is the process of planning and managing a firm's long-term investments?**

Select correct option:

Capital Structuring

Capital Rationing

**Capital Budgeting**

Working Capital Management

**105. Which of the following refers to the cash flows that result from the firm's day-to-day activities of producing and selling?**

Select correct option:

Operating Cash Flows

Investing Cash Flows

Financing Cash Flows

**All of the given options**

**106. The coupon rate of a floating-rate bond is capped and upper and lower rates are called:**

Select correct option:

Float

**Collar**

Limit

Surplus

**107. Which of the following is the acronym for GAAP?**

Select correct option:

Generally Applied Accountability Principles

General Accounting Assessment Principles

**Generally Accepted Accounting Principles**

General Accepted Assessment Principles

**108. Which of the following strategy belongs to restrictive policy regarding size of investments in current assets?**

Select correct option:

To maintain a high ratio of current assets to sales

**To maintain a low ratio of current assets to sales**

To less short-term debt and more long-term debt

To more short-term debt and less long-term debt

**109. Quick Ratio is also known as:**

Select correct option:

Current Ratio

**Acid-test Ratio**

Cash Ratio

None of the given options

**110. Mr. Y and Mr. Z are planning to share their capital to run a business. They are going to employ which of the following type of business?**

Select correct option:

Sole-proprietorship

**Partnership**

Corporation

None of the given options

**111. If you have Rs. 30 in asset A and Rs. 120 in another asset B, the weights for assets A and B will be     and     respectively.**

Select correct option:

20%; 80%

37%; 63%

63%; 37%

80%; 20%

**112. Which of the following terms refers to the costs to store and finance the assets?**

Select correct option:

Carrying costs

**Shortage costs**

Storing costs

financing costs

**113. Which one of the following statement is INCORRECT regarding MACRS depreciation?**

Select correct option:

**Every asset is assigned to a particular class which establishes asset's life for tax purposes.**

Depreciation is computed for each year by multiplying the cost of the asset by a fixed percentage.

Annual depreciation remains constant every year even by using different rates.

The expected salvage value and the actual expected economic life are not explicitly considered in calculation of depreciation.

**114. Which of the following statement is CORRECT regarding compound interest?**

Select correct option:

It is the most basic form of calculating interest.

It earns profit not only on principal but also on interest.

**It is calculated by multiplying principal by rate multiplied by time.**

It does not take into account the accumulated interest for calculation.

**115. Mr. A has just recently started a business by investing a capital of Rs. 500,000. He will be the only owner of the business and also enjoy all the profits of the business. Which type of business is being employed by Mr. A?**

Select correct option:

**Sole-proprietorship**

Partnership

Corporation

None of the given options

**116. Time value of money is an important finance concept because:**

Select correct option:

It takes risk into account

It takes time into account

It takes compound interest into account

**All of the given options**

**117. The preferred stock of a company currently sells for Rs. 25 per share. The annual dividend of Rs. 2.50 is fixed. Assuming a constant dividend forever, what is the rate of return on this stock?**

Select correct option:

5.00 percent

7.00 percent

8.45 percent

10.0 percent

**118. Which of the following ratios are particularly interesting to short-term creditors?**

Select correct option:

**Liquidity Ratios**

Long-term Solvency Ratios

Profitability Ratios

Market Value Ratios

**119. Which of the following equation is known as Cash Flow (CF) identity?**

Select correct option:

CF from Assets = CF to Creditors – CF to Stockholder

CF from Assets = CF to Stockholders – CF to Creditors

CF to Stockholders = CF to Creditors + CF from Assets

**CF from Assets = CF to Creditors + CF to Stockholder**

**120. One would be indifferent between taking and not taking the investment when:**

Select correct option:

NPV is greater than Zero

NPV is equal to Zero

NPV is less than Zero

**All of the given options**

**121. Which of the following is (are) a non-cash item(s) ?**

Select correct option:

Revenue

Expenses

**Depreciation**

All of the given options

**122. Which of the following is NOT a shortcoming of Payback Rule?**

Select correct option:

Time value of money is ignored

It fails to consider risk differences

**Simple and easy to calculate**

None of the given options

**123. You just won a prize, you can either receive Rs. 1000 today or Rs. 1,050 in one year. Which option do you prefer and why if you can earn 5 percent on your money?**

Select correct option:

Rs. 1,000 because it has the higher future value

Rs. 1,000 because you receive it sooner

Rs. 1,050 because it is more money

**Either because both options are of equal value**

**124. What is the effective annual rate of 7 percent compounded monthly?**

Select correct option:

7.00 percent

7.12 percent

7.19 percent

7.23 percent

**125. Which of the following forms of business organizations is created as a distinct legal entity owned by one or more individuals or entities?**

Select correct option:

**Sole-proprietorship**

General Partnership

Limited Partnership

Corporation

**126. Business risk depends on which of the following risk of the firm's assets ?**

Select correct option:

**Systematic Risk**

Diversifiable Risk

Unsystematic Risk

None of the given options

**127. Which of the following type of risk can be eliminated by diversification?**

Select correct option:

**Systematic Risk**

Market Risk

Unsystematic Risk

None of the given options

**128. Which of the following measure reveals how much profit a company generates with the money shareholders have invested?**

Select correct option:

Profit Margin

Return on Assets

## **Return on Equity**

Debt-Equity Ratio

**129. Which of the following is(are) the basic area(s) of Finance?**

Select correct option:

Financial institutions

International finance

Investments

**All of the given options**

**130. Which of the following is the return that firm's creditors demand on new borrowings ?**

Select correct option:

Cost of debt

Cost of preferred stock

**Cost of common equity**

Cost of retained earnings

**131. Systematic Risk is also known as:**

Select correct option:

Diversifiable Risk

**Market Risk**

Residual Risk Asset-

specific Risk

**132. ABC Corporation has two shareholders; Mr. Aamir with 50 shares and Mr. Imran with 70 shares. Both want to be elected as one of the four directors but Mr. Imran doesn't want Mr. Aamir to be director. How much votes would Mr. Aamir be able to cast as per cumulative voting procedure?**

Select correct option:

70

120

200

280

**133. he difference between the return on a risky investment and that on a risk-free investment.**

Select correct option:

Risk Return

**Risk Premium**

Risk Factor

None of the above

**134. group of assets such as stocks and bonds held by an investor.**

Select correct option:

**Portfolio**

Capital Structure

Budget

None of the above

**135. the variance or standard deviation is larger then the spread in returns will be:**

Select correct option:

Less

**More**

Same

None of the Above

**136. he following risk is entirely wiped out by Diversification.**

Select correct option:

Systematic Risk

**Unsystematic Risk**

Portfolio Risk

Total Risk

**137. he objective for using the concept of Diversification is to :**

Select correct option:

Minimize the Risk

Maximize the return

**A & B**

None of the Above

**138. ile studying the relationship in risk and return, It is commonly known that:**

Select correct option:

Higher the risk, lower the return

Lower the risk, higher the return

**Higher the risk, higher the return**

None of the above

**139. his type of risk affects almost all types of assets.**

Select correct option:

### **Systematic Risk**

Unsystematic Risk  
Total Risk  
Portfolio Risk

Suppose you bought 1,500 shares of a corporation at Rs. 25 each. After a year, you received Rs. 3000 (Rs. 2 per share) in dividends. At the end of year the stock sells for Rs. 30 each. If you sell the stock at the end of the year, your total cash inflow will be Rs. 48,000 (1500 shares @ 30 each = Rs. 45000 & Dividend = 3000).

140. According to the given data, the Capital Gain will be:

Select correct option:

10,500  
**7,500**  
10,000  
7,000

141. According to the given data, the Dividend yield will be:

Select correct option:

8.50 %  
6.25%  
**8.00%**  
6.67%

142. According to the given data, Total Percentage Returns will be:

Select correct option:

20%  
**28%**  
32%  
35%

143. Which one of the given options involves the sale of new securities from the issuing company to general public?

Select correct option:

Secondary market  
**Primary market**  
Capital market  
Money market

144. In financial statement analysis, shareholders focus will be on the:

Select correct option:

Liquidity of the firm

Long term cash flow of the firm

**Profitability and long term health of the firm**

Return on investment

**145. The statement of cash flows helps users to assess and identify all of the following except:**

Select correct option:

The impact of buying and selling fixed assets.

The company's ability to pay debts, interest and dividends.

A company's need for external financing.

**The company's reliance on capital leases.**

**146. Suppose Younas Corporation has balance of merchandise of 5000 units. It wants to sell 2000 units at 90% of its cost on cash. What would be the affect of this transaction on the current ratio?**

Select correct option:

**Fall**

Rise

Remain unchanged

None of the given option

**147. If the interest rate is 18% compounded quarterly, what would be the 8-year discount factor?**

Select correct option:

1.42215

2.75886

3.75886

**4.08998**

**148. You have a cash of Rs.150, 000. If a bank offers four different compounding methods for interest, which method would you choose to maximize the value of your Rs.150, 000?**

Select correct option:

**Compounded daily**

Compounded quarterly

Compounded semiannually

Compounded annually

**149. Ali Corporation has a cash coverage ratio of 6.5 times. Whereas its earning before interest and tax is Rs.750 million and interest on long term loan is Rs.160 million. What would be the annual depreciation for the current year?**

Select correct option:

- a.Rs. 200 million
- b.Rs.240 million
- c.Rs.275 million
- d.Rs.290 million**

**150. Suppose RZ Corporation sales for the year are Rs.150 million. Out of this 20% of the sales are on cash basis while remaining sales are on credit basis. The past experience revealed that the average collection period is 45 days. What would be the receivable turnover ratio?**

Select correct option:

- 6.12 times
- 7.11 times
- 8.11 times**
- 9.11 times

**151. A bank offers 20% compounded monthly. What would be the effective annual rates of return?**

Select correct option:

- 20.00%
- 20.50%
- 21.00%
- 21.99%**

**152. Nz Corporation reported earning before interest and taxes of Rs.500, 000 for the current year. It has taken a long term loan of Rs.2 million from a local bank @ 10% interest. The tax is charged at the rate of 32%.What will be the saving in taxes due to presence of debt financing in the capital structure of the firm?**

Select correct option:

- Rs.60, 000
- Rs.64, 000**
- Rs.72, 000
- Rs.74, 000

**153. tp Corporation has decided to pay Rs.16 per share dividend every year. If this policy is to continue indefinitely, then the value of a share of stock would be -----, if the required rate of return is 25%?**

Select correct option:

- a. Rs.60
- b. Rs.64**
- c. Rs.68
- d. Rs.74

**154. MT Corporation has a previous year dividend of Rs.14 per share where as investors require a 17% return on the similar stocks .The Company's dividend grows by 7%.The price per share in this case would be\_\_\_\_\_.**  
Select correct option:

- a. Rs.149.8**
- b. Rs.184.9
- c. Rs.198.4
- d. Rs.229.9

**155. U Corporation stock is selling for Rs.150 per share. The next dividend is Rs.35 per share and it is expected to grow 14% more or less indefinitely. What would be the return does this stock offer you if this is correct?**  
Select correct option:

- a. 17%
- b. 27%
- c. 37%**
- d. 47%

**156. ppose a Corporation has 3 shareholders; Mr.Salman with 25 shares, Mr. Kareem with 35 shares, and Mr.Amjad with 40 shares. Each wants to be elected as one of the six directors. According to cumulative voting rule Mr.Kareem would cast**  
Select correct option:

- a. 150 votes
- b. 210 votes**
- c. 240 votes
- d. 300 votes

**157. \_\_\_\_\_ is the market in which already issued securities are traded among investors.**  
Select correct option:

- a. Primary market
- b. Secondary market**
- c. Financial market
- d. Capital market

158. ppose Mehran Corporation is dealing in the Automobile industry. Based on projected costs and sales, it expects that the cash flows over the 3-year life of the project will be Rs.5, 000,000 in first year, Rs.7, 000,000 in the next year and Rs.8, 000,000 in the last year. This project would cost about Rs. 10,000,000.The net present value of the project would be \_\_\_\_\_, if discount rate is assumed to be 25%.

Select correct option:

**a. Rs.2, 576, 000**

b. Rs.3, 576, 000

c. Rs.1, 576, 000

d. Rs.4, 576, 000

159. The projects costs are Rs.1, 500,000. The payback period for this investment would be \_\_\_\_\_.

Select correct option:

a. 1.50 years

b. 2.00 years

**c. 2.33 years**

d. 3.00 years

160. ppose Z Corporation, has the present value of its future cash flows is Rs.450, 000 and the project has a cost of Rs.300, 000, then the profitability index would be \_\_\_\_\_.

Select correct option:

a. 0.667

b. 1

c. 1.25

**d. 1.50**

161. Fee paid to the consultant for evaluating the project is an example of \_\_\_\_\_.

Select correct option:

a. Opportunity cost

**b. Sunk cost**

c. Decremental cost

d. None of the given option

162. the sales of the AB corporation is Rs.20, 000,000 where as its cost is Rs.12, 000,000 during the same period. Assume the annual tax rate is 37%.Its annual depreciation is Rs.5, 000, 000.The operating cash flow of the organization would be\_\_.

Select correct option:

- a. Rs. 3,810,000
- b. Rs. 4,810,000
- c. Rs. 5,190,000
- d. Rs. 6,890,000**

**163. Treasury notes and bonds are:**

Select correct option:

Default free

Taxable

Highly liquid

**All of the given options**

**164. The difference between an investment's market value and its cost is called the \_\_\_\_\_ of the investment.**

Select correct option:

**Net present value**

Economic value

Book value

Future value

**165. When real rate is high, all the interest rates tend to be \_\_\_\_\_.**

Select correct option:

**Higher**

Lower

Constant

None of the given options

**166. \_\_\_\_\_ is a grant of authority by a shareholder to someone else to vote the shareholder's share.**

Select correct option:

Cumulative voting

Straight voting

**Proxy voting**

None of the given options

**167. The payment of the dividend is at the discretion of the:**

Select correct option:

Chairman

**Board of directors**

Shareholders  
Stakeholders

**168. Based on \_\_\_\_\_ the investment is accepted if the \_\_\_\_\_ exceeds the required return. It should be rejected otherwise.**

Select correct option:

Profitability index

Payback period

**Internal rate of return**

Net present value

**169. If two investments are mutually exclusive, then taking one of them means that:**

Select correct option:

**We cannot take the other one**

The other is pending for the next period

The projects are independent

None of the given options

**170. Profitability index (PI) rule is to take an investment, if the index exceeds \_\_\_\_\_ :**

Select correct option:

-1

0

**1**

All of the given options

**171. Average Accounting Return is a measure of accounting profit relative to:**

Select correct option:

**Book value**

Intrinsic value

Cost

Market value

**172. It is not unusual for a project to have side or spillover effects both good and bad. This phenomenon is called:**

Select correct option:

Erosion

Piracy

Cannibalism

**All of the given options**

**173. The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale is called -----.**

Select correct option:

**Operating Cycle**

Cash Cycle

Receivable period

Inventory period

**174. Which of the following does not affect cash cycle of a company?**

Select correct option:

Inventory period

Accounts receivable period

Accounts payable turnover

**None of the given option**

**175. Mr. Munir purchased goods of Rs.100,000 on June 01, 2006 from Zeeshan and brothers on credit terms of 3/10, net 30. On June 09 Mr. Munir decided to make payment to Zeeshan and brothers. How much he would pay to Zeeshan and brothers.**

Select correct option:

100,000

**97,000**

103,000

50,000

**176. A firm has cash cycle of 100 days. It has an inventory turnover of 5 and receivable turnover of 2. What would be its accounts payable turn over?**

Select correct option:

3.347 approximately

5.347 approximately

**2.347 approximately**

6.253 approximately

**177. During the financial year 2005-2006 ended on June 30, the cash cycle of Climax company was 150 days, and its payable turnover was 5. What was the operating cycle of the company during 2005-2006?**

Select correct option:

234 days

**223 days**

245 days

230 days

**178. Which of the following is the cheapest source of financing available to a firm?**

Select correct option:

Bank loan

Commercial papers

**Trade credit**

None of the given options.

**179. Which of the following illustrates the use of a hedging (or matching) approach to financing?**

Select correct option:

Short-term assets financed with long-term liabilities.

**Permanent working capital financed with long-term liabilities.**

Short-term assets financed with equity.

All assets financed with a 50 percent equity, 50 percent long-term debt mixture

**180. ----- is an incentive offered by a seller to encourage a buyer to pay within a stipulated time.**

Select correct option:

**Cash discount**

Quantity discount

Float discount

All of the given options

**181. If a firm has a net float less than zero, then which of the following statements is true about the firm.**

Select correct option:

**The firm's disbursement float is less than its collection float.**

The firm's collection float is equal to zero.

The firm's collection float is less than its disbursement float.

None of the given options.

**182. Financing a long-lived asset with short-term financing would be**

Select correct option:

An example of "moderate risk -- moderate (potential) profitability" asset financing.

An example of "low risk -- low (potential) profitability" asset financing.

**An example of "high risk -- high (potential) profitability" asset financing.**

An example of the "hedging approach" to financing

**183. Suppose Flatiron Corporation has a debt-to- equity ratio of 2/3. You are analyzing the capital structure of this Corporation. Base on debt-to- equity ratio of the corporation, how much portion of the capital structure is financed through equity.**

Select correct option:

66.67%

33.34%

0%

**60%**

**184. Suppose the common stocks of Bonanza Corporation have book value of \$29 per share. The market price of these common stocks is \$69.50 per share. The corporation paid \$5.396 per share in dividend last year and analysts estimate that this dividend will grow at a rate of 6% through the next three years. Using the dividend growth model, estimated cost of equity of Bonanza corporation would be**

Select correct option:

11.15%

16.13%

**15.80%**

13.14%

**185. Which statement is true about the relationship between weighted average cost of capital and value of a firm in the eyes of investors?**

Select correct option:

They have a direct relationship

**They have an indirect relationship**

They have spontaneous relationship

None of the given options

**186. ----- refers to the extent to which fixed-income securities (debt and preferred stock) are used in a firm's capital structure.**

Select correct option:

**Financial risk**

Portfolio risk

Operating risk

Market risk

**187. Let's imagine that Sony Corporation currently uses no-debt financing, it has decided to go for capital restructuring. As result it would incorporate \$ 1 billion of debt at 6.6% p.a in its capital structure. Sony Corporation has 30 million Shares outstanding and the price per share is \$ 125. If the restructuring is expected to increase EPS, what would be the minimum level of EBIT that Sony management must be expecting?**

Select correct option:

\$202,200,000

**\$247,500,000**

\$283,500,000

\$321,250,000

**188. A corporation has WACC of 13.5 %( excluding taxes). The current borrowing rate in the market is 9.25%.If the corporation has a target capital structure of 65% equity (there is no preferred stock in the capital structure of the corporation) and 35% debt, what would be the cost of equity of this corporation?**

Select correct option:

13.5%

17.75%

**15.79%**

17.13%

**189. Suppose Dux Corporation has current assets of \$44 Million. Cash is 25% of the total current assets. After one year the cash item increase by 12%.This increase in cash item is a**

Select correct option:

Source of cash

Use of cash

**Neither of the source of cash nor a use of cash**

None of the given option

**190. During 2005 a merchandize sales company had cash sales of \$56.25 million, which were 15% of the total sales. During this period accounts receivables of the company were 13% of total sales. What was the average collection period of the company during 2005?**

Select correct option:

62 days

18 days

**56 days**

19 days

191. Suppose that Pearson Corporation has a capital structure which consists of both equity and debt. It had issued two million worth of bonds at 6.5 % p.a. The tax rate is 40%. Its EBIT is one million. The present value of tax shield for Pearson corporation would be

Select correct option:

Rs.1,000,000

Rs.1,200,000

**Rs800,000**

Rs.1,400,000

192. The use of Personal borrowing to alter the degree of financial leverage is called

\_\_\_\_\_.  
Select correct option:

**Homemade leverage**

Financial leverage

Operating leverage

None of the given option

193. \_\_\_\_\_ refers to the most valuable alternative that is given up if a particular investment is undertaken.

Select correct option:

Sunk cost

**Opportunity cost**

Financing cost

All of the given options

194. . SNT company paid a dividend of Rs. 5 per share last year. The stock's current price is Rs. 50 per share. Assuming that the dividends are estimated to grow steadily at 8% per year, the cost of the capital for SNT company will be?

Select correct option:

13.07 %

15.67 %

16.00 %

**18.80 %**

195. \_\_\_\_\_ is the group of assets such as stocks and bonds held by an investor.

Select correct option:

**Portfolio**

Diversification

Stock Bundle  
None of the given options

**196. ich of the following measures the present value of an investment per dollar invested?**

Select correct option:

Net Present Value (NPV)

**Profitability Index (PI)**

Average Accounting Return (AAR)

Internal Rate of Return (IRR)

**197. we have Rs. 150 in asset A and Rs. 250 in asset B, then the percentage of asset B in the portfolio will be:**

Select correct option:

37.5 %

47.5 %

**62.5 %**

72.5 %

**198. risk that influences a large number of assets is known as:**

Select correct option:

Systematic Risk

Market Risk

Non-diversifiable Risk

**All of the given options**

**199. ich of the following risk can be eliminated by diversification?**

Select correct option:

Systematic Risk

**Unsystematic Risk**

A & B

None of the given options

**200. ppose the initial investment for a project is Rs. 160,000 and the cash flows are Rs. 40,000 in the first year and Rs. 90,000 in the second and Rs. 50,000 in the third. The project will have a payback period of:**

Select correct option:

**2.6 Years**

3.1 Years

3.6 Years

4.1 Years

201. model which makes an assumption about the future growth of dividends is known as:

Select correct option:

Dividend Price Model

**Dividend Growth Model**

Dividend Policy Model

All of the given options

202. ich of the following is not a quality of IRR ?

Select correct option:

Most widely used

**Ideal to rank the mutually exclusive investments**

Easily communicated and understood

Can be estimated even without knowing the discount rate

203. \_\_\_\_\_ is a special case of annuity, where the stream of cash flows continues forever.

Select correct option:

Ordinary Annuity

**Perpetuity**

Dividend

Interest

204. a bank offers 15% annual rate of return compounded quarterly, what would be the Effective Annual Rate (EAR)?

Select correct option:

15.00 %

15.34 %

**15.87 %**

16.42 %

205. bond represents a \_\_\_\_\_ made by an investor to the \_\_\_\_\_.

Select correct option:

loan; receiver

dividend; issuer

dividend, receiver

**loan; issuer**

206. en the interest rates fall, the bond is worth \_\_\_\_\_.

Select correct option:

**More**

Less

Same

All of the given options.

**207. SNT Corporation pays out 30% of net income to its shareholders as dividends. What would be the Retention Ratio for SNT Corporation?**

Select correct option:

30 %

50 %

**70 %**

90 %

**208. sales are to grow at a rate higher than the sustainable growth rate, the firm must:**

Select correct option:

Increase Profit Margin

Increase Total Assets Turnover

Sell new shares

**All of the given options.**

**209. \_\_\_\_\_ is the current value of the future cash flow discounted at an appropriate discount rate.**

Select correct option:

**Present Value**

Future Value

Capital Gain

Net Profit

**210. MI Inc. has outstanding bonds having a face value of Rs. 500. The promised annual coupon is Rs. 50. The bonds mature in 30 years and the market's required rate on similar bonds is 12% p. a. What would be the present value of each bond?**

Select correct option:

Rs. 319.45

Rs. 390.75

**Rs. 419.45**

Rs. 463.75

**211. e sensitivity of Interest Rate Risk of a bond directly depends upon:**

Select correct option:

Time to maturity

Coupon rate

**A and B**

None of the given options

**212. insurance company offers to pay you Rs. 1000 per year if you pay Rs. 6,710 up front. What would be the rate applicable in this 10-year annuity?**

Select correct option:

**8 %**

10 %

12 %

14 %

**213. the formula  $k_e \geq (D_1/P_0) + g$ , what does  $(D_1/P_0)$  represent?**

Select correct option:

A. The expected capital gains yield from a common stock

**B. The expected dividend yield from a common stock**

C. The dividend yield from a preferred stock

D. The interest payment from a bond

**214. you owned 100 shares of a company and there are three directors to be elected. How much votes you would have as per cumulative voting procedure?**

Select correct option:

A. 100 Votes

B. 200 Votes

**C. 300 Votes**

D. 400 Votes

**215. T Corporation has policy of paying a Rs. 6 dividend per share every year. If this policy is to continue indefinitely, what will be the value of a share of stock at a 15% required rate of return?**

Select correct option:

A. Rs. 30

**B. Rs. 40**

C. Rs. 50

D. Rs. 60

**216. ich of the following is NOT a characteristic of preferred stock?**

Select correct option:

**A. Dividends on these stocks cannot be cumulative**

- B. These stocks have dividend priority over common stocks
- C. These stocks have stated liquidating value
- D. These bonds hold credit ratings much like bonds

**217. project has an initial investment of Rs. 400,000. What would be the NPV for the project if it has a profitability index of 1.15?**

Select correct option:

- A. Rs. 30000
- B. Rs. 40,500
- C. Rs. 50,000
- D. Rs. 60,000**

**218. at will be the proper order of completion regarding the capital budgeting process?**

- ( I ) Perform a post-audit for completed projects;
- ( II ) Generate project proposals; ( III ) Estimate appropriate cash flows;
- ( IV ) Select value-maximizing projects; ( V ) Evaluate projects.

Select correct option:

- A. II, V, III, IV, and I
- B. III, II, V, IV, and I
- C. II, III, V, IV, and I**
- D. II, III, IV, V, and I

**219. . Following are the two cases:**

**Case I: Mr. A, as a financial consultant, has prepared a feasibility report for a project for ABC Company that the company is planning to undertake. He has suggested that the project is feasible.**

**Case II: Mr. A, as a financial consultant, has prepared a feasibility report of a project for XYZ Company that the company is planning to undertake. He has suggested that the project is not feasible.**

**The consultancy fee paid to Mr. A will be considered as:**

Select correct option:

- A. Sunk cost in Case I and opportunity cost in Case II
- B. Opportunity cost in Case I and sunk cost in Case II
- C. Sunk Cost in both Case I and Case II**
- D. Opportunity cost in both Case I and Case II

**220. ppose you buy some stock for Rs. 35 per share. At the end of the year, the price is Rs. 43 per share. During the year, you get a Rs. 4 dividend per share. What will be the total percentage return?**

Select correct option:

- A. 22.85 %

- B. 25.16 %
- C. 30.52 %
- D. 34.29 %**

**221. you have a portfolio with Rs. 10,000 in asset A and Rs. 15,000 in another asset B then what will be the weight of Asset B in your portfolio?**

Select correct option:

- A. 0.30
- B. 0.40
- C. 0.60**
- D. 0.75

**222. ich of the following set of cash flows represents the change in the firm's total cash flow that occurs as direct result of accepting the project?**

Select correct option:

- A. Relevant Cash Flows
- B. Incremental Cash Flows**
- C. Negative Cash Flows
- D. All of the given option

**223. me value of money is an important finance concept because:**

Select correct option:

- A. It takes risk into account
- B. It takes time into account
- C. It takes compound interest into account
- D. All of the given options**

**224. he present value of a sum of Rs. 100 to be received in the future will be:**

Select correct option:

- A. More than Rs. 100
- B. Equal to Rs. 100
- C. Less than Rs. 100**
- D. None of the given options

**225. u want to buy an ordinary annuity that will pay you Rs. 3,000 a year for the next 20 years. You expect annual interest rates will be 8 percent over that time period. The maximum price you would be willing to pay for the annuity will be closest to:**

Select correct option:

- A. Rs. 29,454**

- B. Rs. 34,325
- C. Rs. 39,272
- D. Rs. 49,023

**226. u have Rs. 1,000 that you want to save. If four different banks offer four different compounding methods for interest, which method should you choose to maximize your Rs. 1,000?**

Select correct option:

- A. Compounding quarterly
- B. Compounding monthly**
- C. Compounding semi-annually
- D. Compounding annually

**227. a bond sells at a high premium, then which of the following relationships hold true?**

Select correct option:

- A. Bond Price < Par Value and YTM > coupon rate
- B. Bond Price > Par Value and YTM > coupon rate
- C. Bond Price > Par Value and YTM < coupon rate**
- D. Bond Price < Par Value and YTM < coupon rate

**228. at will be the value to you of a Rs. 2,000 face-value bond with an 8% coupon rate when your required rate of return is 12% and time till maturity is 5 years?**

Select correct option:

- A. Rs. 1,556
- B. Rs. 1,712**
- C. Rs. 2,082
- D. Rs. 2,420

**229. ich of the following carry the provision that within a stipulated time period, the bond may be converted into a certain number of shares of the issuing corporation's common stock at a pre-stated price?**

Select correct option:

- A. Convertible Bonds**
- B. Income Bonds
- C. Put Bonds
- D. None of the given options

**230. terest rates and bond prices :**

Select correct option:

- A. Move in the same direction
- B. Move in the opposite direction**
- C. Sometimes move in the same and sometimes in the opposite direction
- D. Have no relation with each other

**231. ng-term bonds have \_\_\_\_\_ risk of loss resulting from changes in interest rates than do short-term bonds.**

Select correct option:

- A. Less
- B. Zero
- C. More**
- D. None of the given options

**232. at will be real rate if the nominal rate is 17%, and the inflation rate is 5% ?**

Select correct option:

- A. 6.639%
- B. 8.251%
- C. 10.00%
- D. 11.43%**

**233. The alternative name used for Interest Coverage Ratio is**

\_\_\_\_\_.

Select correct option:

**Time interest earned**

- Cash coverage ratio
- Profit margin ratio
- None of the given option

**234. If you want to evaluate the performance of an organization, which one of the following ratios will be helpful to you in evaluating the performance of an organization?**

Select correct option:

- Return on short as well as long term investments
- Return on equity and return on debt

**Return on equity and profit margin**

All of the given options

**235. Imran Corporation is a firm dealing in hardware industry. It sold 5000 units of its product to Mr. Younas for a sum of Rs.150, 000 whose cost was Rs.160, 000.What would be the effect of this transaction on current ratio of the company if the current ratio was 0.80 before this transaction?**

Select correct option:

Increase

**Decrease**

Remain unchanged

None of the given option

**236. Mehran Corporation is dealing in furniture industry. It has an equity multiplier of 1.78 times. The debt to equity ratio would be \_\_\_\_\_?**

Select correct option:

0.38 times

0.58 times

**0.78 times**

0.98 times

**237. What would be the level of EBIT if Imran Corporation uses both debt as well as equity financing in its capital structure, it has a cash coverage ratio of 7.5 times, annual interest expense is Rs.1 million and annual depreciation is Rs.3 million?**

Select correct option:

Rs. 2.5 million

Rs. 3 million

Rs. 3.5 million

**Rs.4.5 million**

**238. Suppose, Neumann Corporation has a debt to equity ratio of 0.45 times. Its return on equity is 18%.The return on assets would be \_\_\_\_\_.**

Select correct option:

9.414 %

10.414 %

11.412 %

**12.414 %**

**239. Suppose, Ilyas Corporation is one of the dominant firms in electronics equipment industry. Its policy is very clear about dealing with stackholders. It pays out 30% of its income in the form of dividend. If it pays a total sum of Rs.150 millions as a dividend, then what would be the amount transferred to the retained earning balance from current year profit?**

Select correct option:

Rs.150 millions

Rs.250 millions

**Rs.350 millions**

Rs.500 millions

**240. Sian Corporation is one of the largest firms in the electronics industry covering 70% of the market share. During the current year its performance is analysed by judging the various indicators. It has return on assets of 12.5% and retention ratio is 3/5. What would be the internal growth rate of the Sian Corporation?**

Select correct option:

12.29%

**14.29%**

16.29%

18.92%

**241. What would be the sustainable growth rate if the Corporation has a Return on equity (ROE) of 20% and a retention ratio of 4/6?**

Select correct option:

**25 %**

35 %

29%

45%

**242. Rehan Corporation is dealing in agriculture products. Its annual gross sales are Rs.1975 millions. Out of which 34% are on cash basis. Their past collection experiences show that it has an average collection period of 76 days. What would be the balance of accounts receivable at the end of the year?**

Select correct option:

a. Rs.251.415 millions

b. Rs.261.415 millions

**c. Rs.271.415 millions**

d. Rs.281.415 millions

**243. ROE in DuPont identity is affected by:**

Select correct option:

Operating efficiency

Asset usage efficiency

Financial leverage

**All of the given options**

**244. A decrease in the percentage of net income paid out as a dividend, will increase the:**

Select correct option:

Return on assets ratio

**Retention ratio**

Leverage ratio

Profit margin

**245. Which of the following does not change Current ratio of a business:**

Select correct option:

Efficient usage of current assets

Change in the nature of the firm

Change in Accounting method of the firm

**Change in the management of the firm**

**246. Present value factor is:**

Select correct option:

$(1+r)^t$   
 $(1-r)^t$

**$1/(1+r)^t$**

$1/(1+r)^{1/t}$

**247. Depreciation expense is:**

Select correct option:

**Operating expense**

Investing expense

Financing expense

All of the given options

**248. Internal growth rate tell how rapidly:**

Select correct option:

**The firm grows**

Sales of the firm grows

Profit of the firm grows

None of the given options

**249. You can determine the number of periods (n) in a present value calculation, if you know:**

Select correct option:

Future amount

Present value

Interest rate

**All of the given options**

**250. Which one of the present value factor is larger?**

Select correct option:

**PV of 1 factor for 10%**

PV of 1 factor for 12%

Both have the same effect

It cannot be determined

**251. If we deposit Rs. 5,000 today in an account paying 10%, how long does it take to grow to Rs. 10,000?**

Select correct option:

5.27 years

6.27 years

**7.27 years**

7.57 years

**252. The future value of first Rs. 100 in 2 years at 8% discount is:**

Select correct option:

**Rs. 116.64**

Rs. 111.64

Rs. 164.64

Rs. 164.61

**253. Investing activities include:**

Select correct option:

Purchase of property, plant and equipment

Cash received from the issuance of stock or equity in the business.

Purchases of stock or other securities (other than cash equivalents)

**Both a & c**

**254. Changes in cash from financing are "cash in" when:**

Select correct option:

**Capital is raised**

Assets increased

Liabilities decreased

Cash withdrawn

**255. Generally, changes made in cash, accounts receivable, depreciation, inventory and accounts payable are reflected in:**

Select correct option:

**Cash from operations activities**

Cash from financing activities

Cash from investing activities  
None of the given options

**256. \_\_\_\_\_ are short-term, temporary investments that can be readily converted into cash.**

Select correct option:

marketable securities

Cash equivalents

Treasury bills

**All of the given options**

**257. The Cash flow statement records your \_\_\_\_\_ and expenditure at the end of the 'forecast' period.**

Select correct option:

**Actual cash income**

Un earned income

Coming year income

Last year's income

**258. Ratios look at the relationships between individual values and relate them to how a company:**

Select correct option:

Has performed in the past

Might perform in the future

**Both a & b**

None of the given options

**259. The current ratio is also known as:**

Select correct option:

**Working capital ratio**

Leverage ratio

Turnover ratio

None of the given options

**260. \_\_\_\_\_ is concerned with the relationship between the long terms liabilities that a business has and its capital employed.**

Select correct option:

**Gearing**

Acid test ratio

Working capital management

All of the given options

**261. \_\_\_\_\_ give a picture of a company's ability to generate cash flow and pay it financial obligations:**

Select correct option:

- Management ratios
- Working capital ratios
- Net profit margin ratios

**Solvency Ratios**

**262. Balance sheet items expressed as percentage of:**

Select correct option:

- Net sales
- Total revenue
- Total assets**
- Total liabilities

**263. n is interested in purchasing Ted's factory. Since Ann is a poor negotiator, she hires Mary to negotiate a purchase price. Identify the parties to this transaction from the given options, keeping in view the agency theory:**

Select correct option:

**Ann is the principal and Mary is the agent.**

- Mary is the principal and Ann is the agent.
- Ted is the agent and Ann is the principal.
- Mary is the principal and Ted is the agent.

**264. ich of the given options apply to auction markets?**

Select correct option:

Trading in a given auction exchange takes place at a single site on the floor of the exchange.

Transaction prices of shares are communicated almost immediately to the public.

Listing.

**All of the given options (a, b and c).**

**265. ppose a Corporation has a taxable income of \$200,000 and the tax amount is as given in the calculations:**

\$ 50,000	x 15%		= \$ 7,500
(\$ 75,000 – 50,000)	x 25%	=	6,250
(\$ 100,000 – 75,000)	x 34%	=	8,500
(\$ 200,000 – 100,000)	x 39%	=	39,000
			<b>\$ 61,250</b>

**Total tax is \$61,250.**

**Average tax rate is \$61,250 / 200,000 = 30.625%. Marginal tax rate will be:**

Select correct option:

**39%**

34%

15%

25%

**266. document that includes corporation's name, intended life, business purpose and number of shares and is necessary to form a corporation is known as:**

Select correct option:

**Charter**

Set of bylaws

Regulations paper

None of the given options

**267. ccording to the accounting profession, which of the given options would be considered a cash-flow item from an "investing" activity in a cash flow statement?**

Select correct option:

Cash outflow to the government for taxes.

Cash outflow to shareholders as dividends.

Cash outflow to lenders as interest.

**Cash outflow to purchase bonds issued by another company**

**268. ich one of the given options is generally considered the most liquid asset?**

Select correct option:

**accounts receivable**

inventory

net fixed assets

intangible assets

**269. ich of the given options is an advantage of a corporation that is not an advantage as a limited partner in a partnership?**

Select correct option:

Limited liability.

**Easy transfer of ownership position.**

Double taxation.

All of the options are advantages that the corporation has over the limited partner.

**270. finance we refer to the market for relatively long-term financial instruments as the \_market.**

Select correct option:

money

**capital**

primary

secondary

**271. \_\_\_\_\_ is concerned with the branch of economics relating the behavior of principals and their agents.**

Select correct option:

Financial management

Profit maximization

**Agency theory**

Social responsibility

**272. ich of the expenses in given options is not a cash outflow for the firm?**

Select correct option:

**Depreciation**

Dividends

Interest payments

Taxes

**273. A standardized financial statement presenting all items of the statement as a percentage of total is:**

Select correct option:

**a common-size statement**

an income statement

a cash flow statement

a balance sheet

**274. Ammar is running a company „Ammar & Co“. He has asked you to comment on company"s ability to pay its bills over the short run without undue stress. For this purpose you will study which category of ratios of the company?**

Select correct option:

Profitability Ratios

**Liquidity ratios**

Debt ratios

Turnover ratios

**275. ich one of the given options describes desirable current ratio for a business?**

Select correct option:

0  
0.2  
0.1

**At least one**

**276. nterest Coverage Ratios are also known as:**

Select correct option:

**Times Interest Earned (TIE) Ratios**

Liquidity Ratios

Debt Ratios

Asset Management Ratios

**277. he Du Pont Identity tells us that Return on Equity is affected by:**

Select correct option:

operating efficiency (as measured by profit margin)

asset use efficiency (as measured by total assets turnover)

financial Leverage (as measured by equity multiplier)

**all of the given options (a, b and c)**

**278. nchmarking is used to establish a standard to follow for:**

Select correct option:

**comparison**

identification

calculation

liability

**279. series of constant cash flows that occur at the end of each period for some fixed number of periods is**

Select correct option:

**an ordinary annuity**

annuity due

multiple cash flows

perpetuity

**280. ppose the total cost of a college education will be \$50,000 in 12 years for a child. The Parents have \$5,000 to invest today. What rate of interest must they earn on investment to cover the cost of child"s education?**

Select correct option:

**21.15%**

12%

18%  
30%

281. the bank loans out \$10,000 for 90 days at 8% simple interest, the PV is:

Select correct option:

**\$9,806.56**

\$9000  
\$10000  
\$9500

282. ppose, you deposited an amount of Rs.1000 in Habib Bank at the start of year 2006. How much interest amount will you have at the end of the year if the bank pays simple interest @10% p.a.?

Select correct option:

**Rs.100**

Rs.10  
Rs.90  
Rs.1000

283. \_\_\_\_\_ is considered as bottom line in Income Statement?

Select correct option:

Total Assets  
Total Liabilities  
**Net Profit**  
Gross Profit

284. \_\_\_\_\_ can be considered as a snapshot of a company's financial position?

Select correct option:

Income Statement  
**Balance Sheet**  
Cash Flow Statement  
Owner's Equity Statement

285. \_\_\_\_\_ involves the sale of used securities from one investor to another? Select correct option:

Primary Market  
**Secondary Market**  
Tertiary Market  
None of the given options

286. \_\_\_\_\_ Ratios shows a firm's ability to pay its bills in short term?

Select correct option:

**Liquidity**

Financial Leverage

Profitability

Market Value

287. he process of planning and managing a firm's long-term investments is called:

Select correct option:

Planning Process

Capital Structure

**Capital Budgeting**

Managing Process

288. come statement for Sumi Inc. shows the net income of Rs. 363,000 whereas the total sales are Rs. 2,311,000. The profit margin for the Sumi Inc. will be:

Select correct option:

6.37 %

8.37 %

**15.7 %**

12.5 %

289. &T Company have 35 thousands shares outstanding and the stock sold for Rs. 99 per share at the end of year. Income Statement reported a net income of Rs. 385,000. The Price Earning Ratio for S&T Company will be:

Select correct option:

8 times

**9 times**

10 times

11 times

290. ile making Common-Size statement, Balance Sheet items are shown as a percentage of :

Select correct option:

**Total Assets**

Total Liabilities

Total Capital

Net Profit

**291. business, created as a distinct legal entity owned by one or more individuals or entities, is known as:**

Select correct option:

Sole Proprietorship

Partnership

**Corporation**

None of the given options

**292. Which one of these is considered as a non-cash item?**

Select correct option:

Inventory

Accounts Payable

Accounts Receivable

Depreciation

**293. Suppose market value exceeds book value by Rs. 250,000. What will be the after-tax proceeds if there is a tax rate of 34 percent ?**

Select correct option:

Rs. 105,600

Rs. 148,500

Rs. 165,000

Rs. 225,000

**294. When a corporation wishes to borrow from public on a long-term basis, it does so by issuing or selling:**

Select correct option:

Debt securities or bonds

Common Stocks

Preferred Stock

**All of the given options**

**295. Which of the following set of ratios is used to assess a business's ability to generate earnings as compared to its expenses and other relevant costs incurred during a specific period of time?**

Select correct option:

Liquidity Ratios

Leverage Ratios

Profitability Ratios

Market Value Ratios

**296. In which type of market, used securities are traded?**

Select correct option:

Primary market

**Secondary market**

Tertiary market

None of the given options

**297. Who of the following make a broader use of accounting information?**

Select correct option:

Accountants

**Financial Analysts**

Auditors

Marketers

**298. Which of the following process can be defined as the process of generating earnings from previous earnings?**

Select correct option:

Discounting

Compounding

Factorization

**None of the given options**

**299. Which of the following is (are) a non-cash item(s) ?**

Select correct option:

Revenue

Expenses

**Depreciation**

All of the given options

**300. Which of the following rate makes the Net Present Value (NPV) equal to zero?**

Select correct option:

Average Accounting Return (AAR)

**Internal Rate of Return (IRR)**

Required Rate of Return (RRR)

Weighted Average Cost of Capital (WACC)

**301. What will be the coupon value of a Rs. 1,000 face-value bond with a 10% coupon rate?**

Select correct option:

- Rs. 100
- Rs. 510
- Rs. 1,000
- Rs. 1,100**

**302. Which of the following comes under the head of discounted cash flow criteria for capital budgeting decisions?**

Select correct option:

**Payback Period**

- Net Present Value
- Average Accounting Return
- None of the given options

**303. Period costs include which of the following?**

Select correct option:

**Selling expense**

- Raw material
- Direct labor
- Manufacturing overhead

**304. The value of net working capital will be greater than zero when:**

Select correct option:

**Current Assets > Current Liabilities**

- Current Assets < Current Liabilities
- Current Assets = Current Liabilities
- None of the given options

**305. Which of the following relationships holds TRUE if a bond sells at a discount?**

Select correct option:

- Bond Price < Par Value and YTM > coupon rate
- Bond Price > Par Value and YTM > coupon rate
- Bond Price > Par Value and YTM < coupon rate
- Bond Price < Par Value and YTM < coupon rate

**306. Which of the following is the expected rate of return on a bond if bought at its current market price and held to maturity**

Select correct option:

- Current Yield
- Yield To Maturity
- Coupon Yield

Capital Gains Yield

**307. Which of the following item(s) is(are) not included while calculating Operating Cash Flows?**

Select correct option:

Depreciation

Interest

Expenses related to firm's financing of its assets

**All of the given options**

**308. A company having a current ratio of 1 will have \_\_\_\_\_ net working capital.**

Select correct option:

**Positive**

Negative

zero

None of the given options

**309. Financial policy is evaluated by which of the following?**

Select correct option:

Profit Margin

Total Assets Turnover

**Debt-equity ratio**

None of the given options

**310. Head of Treasury department reports to whom?**

Select correct option:

Financial and cost Accountant

**Chief of financial officer**

Cash and credit manager

Board of directors

**311. The conflict of interest between stockholders and management is known as:**

Select correct option:

**Agency problem**

Interest conflict

Management conflict

Agency cost

**312. According to Du Pont Identity, ROE is affected by which of the following?**

Select correct option:

Operating efficiency

Asset use efficiency

Financial Leverage

**All of the given options**

**313. During the accounting period, sales revenue is Rs. 25,000 and accounts receivable increases by Rs. 8,000. What will be the amount of cash received from customers for the period?**

Select correct option:

Rs. 33,000

Rs. 25,000

**Rs. 17,000**

Rs. 8,000

**314. Which of the following area of finance deals with stocks and bonds?**

Select correct option:

Financial institutions

International finance

**Investments**

All of the given options

**315. Which of the following is subcategory (ies) of finance department?**

Select correct option:

Accounting department only

Treasury department only

**Accounting department and Treasury department**

None of the given options

**316. A borrower is able to pay Rs. 40,000 in 5 years. Given a discount rate of 12 percent, what amount of money the lender should lend?**

Select correct option:

Rs. 14,186

Rs. 18,256

**Rs. 22,697**

Rs. 28,253

**317. What will be the coupon value of a Rs. 1,000 face-value bond with a 10% coupon rate?**

Select correct option:

**Rs. 100**

Rs. 510

Rs. 1,000

Rs. 1,100

**318. A company issues bonds with a Rs. 1,000 face value. What is the coupon rate if the coupon payments of Rs. 60 are paid every 6 months?**

Select correct option:

3 percent

6 percent

9 percent

**12 percent**

**319. Which of the given is correct?**

Select correct option:

Financial asset is a document representing a claim to income

Real asset is a document representing a claim to income

Financial asset is an object that provides a service

**All of the given options**

**320. The price of a Rs. 1,000-face value bond is Rs. 910. What will be the yield to maturity if there is a coupon payment of Rs. 90 for 6 years?**

Select correct option:

**Greater than 9%**

Equal to 9%

Lower than 9%

Cannot be determined without more information

**321. Decisions about “how to raise money” and “what to do with it” are part of which of the following?**

Select correct option:

**Business Finance**

Change management

Costing for accounting

All of the given options

**322. Which of the following ratios are intended to address the firm’s financial leverage?**

Select correct option:

Liquidity Ratios

**Long-term Solvency Ratios**

Asset Management Ratios

Profitability Ratios

**323. Which of the following terms refers to the use of debt financing?**

Select correct option:

Operating Leverage

**Financial Leverage**

Manufacturing Leverage

None of the given options

**324. Which of the following is a special case of annuity, where the stream of cash flows continues forever?**

Select correct option:

Ordinary Annuity

Special Annuity

Annuity Due

**Perpetuity**

**325. AST Company has a current ratio of 4:3. Current Liabilities reported by the company are Rs. 30,000. What would be the Net Working Capital for the company?**

Select correct option:

Rs. 40,000

(–Rs. 40,000)

**Rs. 10,000**

(–Rs. 10,000)

**326. Which of the following statements is(are) CORRECT regarding a bond?**

Select correct option:

A bond is an evidence of debt issued by a corporation or a governmental body.

A bond represents a loan made by investors to the issuer.

When a corporation wishes to borrow from public on a long term basis, it does so by issuing or selling bonds.

**All of the given options**

**327. How many years will it take to pay off a Rs. 11,000 loan with a Rs. 1,241.08 annual payment and a 5% interest rate?**

Select correct option:

**6 years**

12 years

24 years

48 years

**328. Finance is the art and science of handling\_\_\_\_\_.**

Select correct option:

**Money**

People

Authority

None of the given options

**329. In corporate form of business, what is the objective of shareholder?**

Select correct option:

Maximize current year income

Delay in payment to supplier

Reduce the expenditure on inventory maintenance

**Maximization of shareholder wealth**

**330. Finance is vital for which of the following business activity (activities)?**

Select correct option:

Marketing Research

Product Pricing

Design of marketing and distribution channels

**All of the given options**

**331. When a corporation wishes to borrow from public on a long-term basis, it does so by issuing or selling:**

Select correct option:

Debt securities or bonds

Common Stocks

Preferred Stock

**All of the given options**

**332. In 3 years you are to receive Rs. 5,000. If the interest rate were to suddenly decrease, the present value of that future amount to you would:**

Select correct option:

Fall

Rise

**Remain same**

Cannot be determined with the given information

**333. In how many years, an amount will be doubled at a discount rate of 8 percent?**

Select correct option:

3 years

6 years

**9 years**

Cannot be determined without more information

**334. What will be the value of a Rs. 1,000 face-value bond with an 8% coupon rate at 8% required rate of return?**

Select correct option:

**More than its face value**

Less than its face value

Equal to its face value

Cannot be determined without more information

**335. In which type of market, used securities are traded?**

Select correct option:

Primary market

**Secondary market**

Tertiary market

None of the given options

**336. Which of the following form of business organization is least regulated?**

Select correct option:

**Sole-proprietorship**

General Partnership

Limited Partnership

Corporation

**337. Which of the following refers to the difference between the sale price and cost of inventory?**

Select correct option:

Net loss

**Net worth**

Markup

Markdown

**338. Which of the following is measured by profit margin?**

Select correct option:

**Operating efficiency**

Asset use efficiency

Financial policy

Dividend policy

**339. A business owned by a single person is known as:**

Select correct option:

**Sole-proprietorship**

General partnership

Limited partnership

Corporation

**340. Net Income after taxation differs from Net Cash Flow from operations because:**

Select correct option:

Depreciation expense is shown in the Cash Flow Statement and not in the Income Statement

**Non-cash items are included in the Income Statement, but not in the Cash Flow Statement**

Cash sales are shown in the Cash Flow Statement but not in the Income Statement

Cash expenses are shown in the Cash Flow Statement but not in the Income Statement

**341. The most common application of term “Finance” involves raising money to acquire\_\_\_\_\_.**

Select correct option:

Current Asset

Fixed Asset

Intangible Asset

**All of the given options**

**342. Which of the following is a series of constant cash flows that occur at the end of each period for some fixed number of periods?**

Select correct option:

**Ordinary annuity**

Annuity due

Perpetuity

None of the given options

**343. Which of the following equation is known as Cash Flow (CF) identity?**

Select correct option:

CF from Assets = CF to Creditors – CF to Stockholder

CF from Assets = CF to Stockholders – CF to Creditors

CF to Stockholders = CF to Creditors + CF from Assets

**CF from Assets = CF to Creditors + CF to Stockholder**

**344. SNT Corporation has policy of paying a Rs. 6 per share dividend every year. If this policy is to continue indefinitely, what will be the value of a share of stock at a 15% required rate of return?**

Select correct option:

Rs. 30

**Rs. 40**

Rs. 50

Rs. 60

**345. Which of the following ratios are intended to address the firm's financial leverage?**

Select correct option:

Liquidity Ratios

**Long-term Solvency Ratios**

Asset Management Ratios

Profitability Ratios

**346. The preferred stock of a company currently sells for Rs. 25 per share. The annual dividend of Rs. 2.50 is fixed. Assuming a constant dividend forever, what is the rate of return on this stock?**

Select correct option:

5.00 percent

7.00 percent

8.45 percent

**10.0 percent**

**347. The relationship between real and nominal returns is described by the:**

Select correct option:

M&M Proposition

Capital Asset Pricing Model

**Fisher's Effect**

BCG Matrix

**348. An investment should be accepted if the Net Present Value (NPV) is \_\_\_\_\_ and rejected if it is \_\_\_\_\_.**

Select correct option:

Positive; positive

**Positive; negative**

Negative; negative

Negative; positive

**349. Which of the following form of business organization is least regulated?**

Select correct option:

### **Sole-proprietorship**

General Partnership  
Limited Partnership  
Corporation

**350. In which of the following procedure of voting for a company's directors, each shareholder is entitled to one vote per share?**

Select correct option:

### **Straight Voting**

Proportional Voting  
Cumulative Voting  
None of the given options

**351. Which of the following cash flow activities are reported in the Cash Flow Statement and Income Statement?**

Select correct option:

### **Operating Activities**

Investing Activities  
Financing Activities  
All of the given options

**352. Mr. Aslam owns 100 shares of a company and there are four directors to be elected. How much votes Mr. Aslam would have as per cumulative voting procedure?**

Select correct option:

100 votes  
200 votes  
300 votes  
**400 votes**

**353. A given rate is quoted as 9 percent APR, but the EAR is 9.38 percent. What is the compounding period?**

Select correct option:

Semiannually  
Quarterly  
**Monthly**  
Daily

**354. Which of the following terms refers to the use of debt financing?**

Select correct option:

Operating Leverage

**Financial Leverage**

Manufacturing Leverage

None of the given options

**355. Between the two identical bonds having different coupon, the price of the \_\_\_\_\_ bond will change less than that of \_\_\_\_\_ bond.**

Select correct option:

Higher-coupon; lower-coupon

Lower-coupon; higher-coupon

**Long-term; short-term**

None of the given options

**356. Which of the following financial statement shows both dollars and percentages in the report?**

Select correct option:

Balance Sheet

**Common-Size Statement**

Income Statement

Relative Statement of Equity

**357. A \_\_\_\_\_ is an agent who arranges security transactions among investors.**

Select correct option:

**Broker**

Dealer

Member

Specialist

**358. If a firm uses cash to purchase inventory, its quick ratio will:**

Select correct option:

Increase

Decrease

**Remain unaffected**

Become zero

**359. In which type of the market, securities are originally sold to the investors?**

Select correct option:

**Primary Market**

Secondary Market

Tertiary Market

None of the given options

**360. Which of the following item(s) is(are) not included while calculating Operating Cash Flows?**

Select correct option:

Depreciation

Interest

Expenses related to firm's financing of its assets

**All of the given options**

**361. Balance sheet for a company reports current assets of Rs. 700,000 and current liabilities of Rs. 460,000. What would be the Current Ratio for the company if there is an inventory level of Rs. 120,000?**

Select correct option:

1.01

1.26

1.39

**1.52**

**362. How many Rs. 190 annual payments must be invested at 12% to accumulate Rs. 57,921?**

Select correct option:

14

28

32

**56 (doubt)**

**363. One would be indifferent between taking and not taking the investment when:**

Select correct option:

NPV is greater than Zero

**NPV is equal to Zero**

NPV is less than Zero

All of the given options