

Learning4help by Waqas

Asslam-o-Alaikum! In this file we'll provide you **ACC501 Important Final term MCQs. Must Prepare before Final term Exams.** I am not responsible for any answer. Verify Answers yourself too. If you found mistake then inform me.

If you found mistake then let us know.

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With respect to voting, if, at particular time, only a fraction of directorship is up for election, such voting is called as:

Select the correct option

- Cumulative voting
- Proxy voting
- Staggering
- Straight voting

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Payment of interest on debt securities is fully tax deductible item because:

Select the correct option

- Paid out of profit
- It's a cost of doing business
- Debt is not owner's money
- Fixed nature cost

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

Select the correct option

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

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Net Present Value (NPV) technique which is used to discounts the company's future cash flows is actually a type of:

Select the correct option

- Stock evaluation technique
- Cash collection technique
- Loan acquiring technique
- Capital budgeting technique

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Which one of the following statements is INCORRECT regarding Bond Price Theorems?

Select the correct option

- When the market's required return of a bond is greater than the coupon rate, the bond's market value will be greater than its par value.
- When the market's required return of a bond is less than the coupon rate, the bond's market value will be greater than its par value.
- Bond prices and market interest rates move in the opposite directions.
- When a bond's coupon rate is greater than the market's required return, the bond's market value will be greater than its par value.

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An investment plan is acceptable if its NPV is:

Select the correct option

- All of the above
- Greater than ZERO
- Equal to ZERO
- Less than ZERO

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Which of the following is a characteristic of preferred stock?

Select the correct option

- These stocks have not any kind of priority over common stocks
- These bonds hold credit ratings quite different from bonds
- Dividends on these stocks can be cumulative
- These stocks have not stated liquidating value

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Which of the following statements is(are) TRUE regarding preferred shares?

Select the correct option

- Preferred stocks are sometimes convertible
- Preferred stocks hold credit rating much like bonds
- All of the given options
- Preferred stocks are often callable

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Which one of the following statements is CORRECT regarding call provision?

Select the correct option

- Allows company to sell bonds more than its par value at any time
- Allows holder to return bonds to company more than its par value
- Allows company to repurchase bond at stated price over a specified period
- Refers to the difference between stated price of bond and call price

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Expectation of a _____ inflation rate will push long term interest rates _____ than short term rates reflected by an upward term structure.

Select the correct option

- Higher; higher
- Higher; lower
- Lower; higher
- None of the given options

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Which of the following set of cash flows represent the change in the firm's total cash flow that occurs as direct result of accepting the project ?

Select the correct option

- All of the given options
- Negative Cash Flows
- Relevant Cash Flows
- Incremental Cash Flows

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Dividend received on stocks held by an investor is called:

Select the correct option

- Total Return
- Capital yield
- Income yield
- Total profit

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Suppose you have just passed your Intermediate and now planning to get admission in some college for graduation. You have three choices of colleges A, B, and C. You bought the prospectuses for all these three colleges and finally got admission in College B. The cost incurred on the prospectuses of other two colleges A and C will be considered as:

Select the correct option

- Opportunity Cost
- Fixed Cost
- Sunk Cost
- None of the given options

Systematic Risk is also known as :

Select the correct option

- Market Risk
- Residual Risk
- Diversifiable Risk
- Asset-specific Risk

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The total market value of a company's stocks is calculated as Rs. 250 million and the total market value of the company's debt are calculated as Rs. 150 million. What percent of the firm's financing is equity ?

Select the correct option

- 85.00%
- 50.00%
- 33.33%
- 62.50%

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What is the amount of net working capital if, taxes, account receivable, account payable and company's fix cost for current year are given 8000, 82,000, 67,000 and 15,000 respectively?

Select the correct option

- Rs. 38,000
- Rs. 172,000
- Rs. 8,000
- Rs. 15,000

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

Select the correct option

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

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Which of the following statement is TRUE regarding Average Accounting Return?

Select the correct option

- AAR is a rate that makes the NPV equal to zero
- None of the given options
- An investment is acceptable if its AAR is less than a benchmark AAR
- An investment is acceptable if its AAR is greater than a benchmark AAR

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The weighted average cost of capital of a firm is the weighted average of the _____.

Select the correct option

- All of the given options
- Cost of debt
- Cost of common equity
- Cost of preferred stock

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Question # 10 of 10 (Start time: 11:18:29 PM, 09 January 2020) **Total Marks: 1**

Expected new sales due to the introduction of a diet version of an existing beverage results in decline in the sale of existing beverage is an example of;

Select the correct option

- Cannibalism
- Financing cost
- Opportunity cost
- Sunk cost