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Market portion of risk can be represented through which of the following?

Choices:

Standard deviation

Beta coefficient



Correlation coefficient

Variance

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VuAnswers.com

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In Perfect Markets, the rational investors have diversified away which of the following?

VuAnswers.com

Choices:

Company Specific Risk

Market risk

Systematic risk

Non-diversifiable risk

Made by: Waqar Siddhu

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In a market where the SML (Security Market Line) has low slope, most of the investors are:

VuAnswers.com

Choices:

Risk lover

Risk averse

Professional investors

None of the given options

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What should be used to calculate the proportional amount of equity financing employed by a firm?

VuAnswers.com

Choices:

The book value of the firm

The sum of common stock and preferred stock on the balance sheet

The current market price per share of common stock times the number of shares outstanding

The common stock equity account on the firm's balance sheet

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Which of the following is an example of floatation cost?

VuAnswers.com

Choices:

Drawings by owners

Commission on purchase

Interest on capital

Brokerage commission



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In the WACC equation ($r_{DxD} + r_{EXE} + r_{PXP}$), x_D represents which of the following?

VuAnswers.com

Choices:

Weight or Fraction of Total Capital value raised from bonds



Weight or Fraction of Total Capital value raised from preferred stock

Weight or Fraction of Total Capital value raised from common stock

Weight or Fraction of Total Capital value raised from retained earnings

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The date on which the names of stockholders in the Stock Transfer Register of firm are documented is referred as:

VuAnswers.com

Choices:

Declaration Date

Holder-of-record Date

Ex-Dividend Date

Payment Date

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Payment Date

Mr. X is going to purchase the stock of ABC Company. Mr. X should purchase the stock on which date so that he can be entitled to receive the dividend, keeping in mind the ex-dividend date is December 7?

VuAnswers.com

Choices:

December 6

December 7

December 8

December 9

Made by: Waqar Siddhu

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Choices:

December 6

December 7

December 8

December 9

Company ABC offers its stockholders 10 % stock dividends and Mr. S is one of its stockholders being the owner of 250 stocks. How many shares Mr. S has after availing the stock dividend?

VuAnswers.com

Choices:

25



50

275

250

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275



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All of the following can be the possible benefits of maintaining the large amount in current assets EXCEPT:

VuAnswers.com

Choices:

Less risk of shortages & interruptions



Less loss of sales due to availability of funds

Lower opportunity cost of capital

High liquidity leading to better credit Rating

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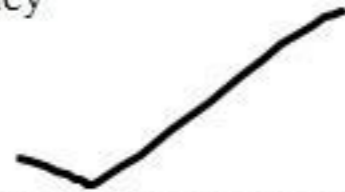
High liquidity leading to better credit Rating

Which of the following best matches this statement: "A policy under which relatively large amount of cash, marketable securities, and inventories are carried and under which sales are stimulated by a liberal credit policy, resulting in a high level of receivable"?

VuAnswers.com

Choices:

Fat cat working capital policy



Lean & Mean working capital policy

Moderate working capital policy

None of the given options

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None of the given options

Which of the following depicts the break even point in best way?

VuAnswers.com

Choices:

EBIT = 0



EBIT < 0

EBIT > 0

None of the given options

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Which of the followings is an example of hedging (maturity matching) approach to financing working capital?

VuAnswers.com

Choices:

Financing short-term needs with short-term funds



Financing short-term needs with long-term debt

Financing seasonal needs with long-term funds

Financing some long-term needs with short-term funds

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If selling price per unit falls and all other factors remain constant, the operating break-even points (units) will _____.

VuAnswers.com

Choices:

Fall

Rise

Remain the same

None of the given options

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Which of the followings are the explicit costs associated with corporate default, such as fees paid to the lawyers and accountants?

VuAnswers.com

Choices:

Flotation costs

Default beta coefficients

Direct bankruptcy costs

Indirect bankruptcy costs

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From which of the following, negative net worth of the company is expressed?

VuAnswers.com

Choices:

Experiencing a project failure

Competitor's insolvency

Experiencing technical insolvency

Experiencing accounting insolvency

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Which of the following mathematical expressions refers to synergy?

VuAnswers.com

Choices:

$2+2=3$

$2+2=5$



$2+2=4$

None of the given options

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When market value of another similar firm is less than the cost of replacing the assets of your own firm, it is better to buy another firm. It is known as:

VuAnswers.com

Choices:

Cherry picking



Divestiture

Spin-off

Asset stripping

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Calculate the Forward Rate for Rupee if the interest on 1 Year Maturity in Pakistan is 10% and in Australia is 6% and the current spot rate is Rs.76/ AUD.

VuAnswers.com

Choices:

Rs. 6 per AUD

Rs. 76 per AUD

Rs. 79 per AUD

Rs. 456 per AUD

Made by: Waqar Siddhu

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What is bid rate for currency?

VuAnswers.com

Choices:

Buying rate for currency



Selling rate of currency

Forward rate of currency

Ask rate of currency

Made by: Waqar Siddhu

What is bid rate for currency?

Choices:

Buying rate for currency



Selling rate of currency

Forward rate of currency

Ask rate of currency

You have 25 Indian Rupees and you want to exchange these Indian Rupees with Pakistan Rupees. You go to a money changer and he tells you the selling rate of 1 Indian Rupee is 1.8041 PKR. The rate 1.8041 PKR is referred as:

VuAnswers.com

Choices:

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Forward rate

Future rate

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Made by: Waqar Siddhu

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Which one of the following concepts and techniques is **NOT** employed while analyzing investment decisions?

VuAnswers.com

Choices:

Net Present Value

Discounted Cash Flows

Time Value of Money

Forecasted financial statements



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Forecasted financial statements



Which of the given feature is an optional retirement provision that permits the issuing company to call back a debt issue before its maturity date at a particular date?

VuAnswers.com

Choices:

Call in

Call option

Call provision

Put option

Made by: Waqar Siddhu

Which of the given feature is an optional retirement provision that permits the issuing company to call back a debt issue before its maturity date at a particular date?

Choices:

 Call in Call option Call provision Put option

An investor will not invest in a particular stock if:

VuAnswers.com

Choices:

Stock's Required Return is lower than its Expected Return

Stock's Required Return is higher than its Expected Return

Stock's Required Return is equal to its Expected Return

All of the given options

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What will be rational decision of an investor if his required rate of return for a stock is lower than the estimated return?

VuAnswers.com

Choices:

It is time to sell stock

It is time to buy stock

It is time to buy and sell of stock

None of the given options



Made by: Waqar Siddhu

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Keeping into view SML equation, which of the given statement is CORRECT if stock $\beta = 1$.

VuAnswers.com

Choices:

Required rate of return of stock = Market return

Required rate of return of stock < Market return

Required rate of return of stock > Market return

Required more information to interpret the situation

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Under Net income approach, which of the following is a correct sequence of calculating cost of capital?

VuAnswers.com

Choices:

Net income → Total firm's market value → WACC

Net income → WACC → total firm's market value

WACC → Net income → market value of equity

Market value of firm → WACC → Net income



Made by: Waqar Siddhu

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Market value of firm → WACC → Net income



With current assets of Rs. 16,000; current liabilities of Rs. 10,000; and Inventory of Rs. 2500, current ratio would be:

VuAnswers.com

Choices:

1.35

6.0

1.60

0.25

With current assets of Rs. 16,000; current liabilities of Rs. 10,000; and Inventory of Rs. 2500, current ratio would be:

Choices:

 1.35 6.0 1.60 0.25

Corporation C has invested a large amount in its fixed assets. Which of the following statements is likely to be true for this firm?

VuAnswers.com

Choices:

High profitability but low risk

High profitability but high risk

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All of the following are the components of CML (capital market line) equation EXCEPT:

VuAnswers.com

Choices:

Risk free rate of return

Risk of the market

Risk of stock portfolio

Net present value



Made by: Waqar Siddhu

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Required ROR (rate of return) is different for every individual, but it is based on which of the following?

VuAnswers.com


Choices:

Perceived Risk relative to Market

Every Investor's Personal Opportunity Cost of Capital preference

Psychological Risk Profile of each Investor

All of the given options



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What will be the effective interest rate if a bank offers 7% annual interest rate on fix deposit account semiannually?

VuAnswers.com

Choices:

7.12%

7.00%

10.71%

None of the given option

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The decision of the required debt and equity ratio is made by which of the following?

VuAnswers.com

Choices:

Board of directors

Banks

Financial analyst

Shareholders

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Which of the following is **Not** an example of bankruptcy cost?

VuAnswers.com

Choices:

Loss on sale of assets

Fee paid to lawyers and accountants

Possible penalties & legal claims

Fee paid to underwriters for issuance of stock



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VuAnswers.com

Choices:

Total risk increases with slow rate than the leverage

Total risk increases with decreasing rate

Total risk remains the same

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