

Which of the following is/are types of inventory?

- Finished goods
- All of the given options
- Work in process
- Raw material

Generally, net working capital is defined as:

- Current assets
- Total assets
- Current assets minus current liabilities
- Current liabilities

Which of the following statement is true in regard to 2/15 net 30?

- A 2% discount will be given if payment is made within 30 days
- A 15% discount will be given if payment is made within 30 days
- A 15% discount will be given if payment is made within 15 days
- A 2% discount will be given if payment is made within 15 days

Unsystematic risk is also known as:

- Controllable Risk
- Market risk
- Unavoidable risk
- Undiversifiable risk

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The beta of the benchmark index or market portfolio is:

- 0.50
- 1.00
- 0.00
- -1.00

Which of the following is not an inventory?

- Raw material
- Consumable tools
- Semi-finished goods
- Equipment

The variability in portfolio returns that can be avoided through diversification is termed as:

- Unsystematic risk
- Coefficient of variation
- Systematic risk
- Standard deviation

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Which of the following is correct formula for per-unit contribution margin?

- Sales per unit – variable cost per unit
- Sales/ contribution margin per unit
- Fixed cost /contribution margin per unit
- Total contribution margin/ sales

Which of the following is correct formula for contribution margin ratio?

- Sales/ variable costs
- Fixed cost / contribution margin per unit
- Sales /contribution margin per unit
- Total contribution margin / sales

Which of the following is/are the component(s) of returns?

- Additional amount on investment
- Dividend
- All of above given options
- Interest

Which of the following reflects the variability in portfolio due to change in market returns?

- Coefficient of variation
- Standard deviation
- Systematic risk
- Unsystematic risk

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Which of the following statement is true regarding covariance?

- The range of covariance lies between -1 to +1
- The covariance can never be negative
- The covariance can take on any negative, positive or a zero value
- The covariance is always positive because it is a squared value

Which of the following statement is true, if contribution margin is positive?

- Profit will only occur if the contribution margin is less than the fixed expenses
- Both profit and loss can occur
- Profit will occur
- Loss will occur if the contribution margin is higher than fixed expenses

The time period between ordering and receiving inventory order is known as

- Lead time
- All of the given option
- Overtime
- Carrying time

Gross working capital can further be classified according to

- Time and rate of return
- Time and financing method
- Rate of return and financing method
- Time and components

The time period between ordering and receiving inventory order is known as

- Carrying time
- Lead time
- All of the given option
- Over time

Systematic risk is also known as

- Undersifiable risk
- Avoidable risk
- Controlable risk
- Deversifiable risk

According to capital asset pricing model, the over period stock have

- Negative beta
- Zero beta
- Negative alpha
- Positive alpha

Which of the following statement is true in regards to aggressive approach to financing working capital?

- Financing the long term needs of the business through short term debt
- Financing the inventory of the business through long term debt
- Financing the seasonal needs of the business through short term debt
- Financing the short term needs of the business through long term debt

Keeping in mind the concept of market portfolio, which of the following statement is false

- The market portfolio lies on the security market line
- The market portfolio includes all risky assets in the world
- The market portfolio contains both systematic and unsystematic risk
- The market portfolio lies on capital market line

Assume the ABC Company was following conservative working capital policy and now it wants to move to an aggressive policy. As the result of this shift in policy, the company should expect which of the following

- Expected profitability will increase, while risk will decrease
- Both risk and profitability will decrease
- Decrease in liquidity, while expected profitability will increase
- Both risk and liquidity will increase

Which of the following statement is true if contribution margin in positive?

- Profit will only occur if the contribution margin is less than the fixed expenses
- Both profit and loss can occur
- Profit will occur
- Loss will only occur if the contribution margin is higher than the fixed expenses

Unsystematic risk is also known as

- Undersifiable risk
- Avoidable risk
- Controllable risk
- Diversifiable risk

Which of the following statement is true in regards to hedging approach to financing working capital?

- Financing the seasonal needs of the business through long term debt
- Financing the short term needs of the business through long term debt
- Financing the short term needs of the business through short term debt
- Financing the long term needs of the business through short term debt

According to capital asset pricing model, the overpriced stocks have:

- Negative alpha
- Zero beta
- Positive alpha
- Negative beta

Which of the following risks best explains portfolio returns?

- Diversification
- Specific risk
- Systematic risk
- Economic factors

Assume that the market risk premium is 15% risk free rate of return is 5% and beta of an asset x is 0.2 what will be the expected return of asset x under CAPM?

- 5%
- 2%

- 6%
- 8%

Assume that abc company is following hedging approach and is planning for new capital investment in plant and equipment. In such circumstance, which of the following from of finance is most appropriate?

- Accounts payable
- Trade credit
- 6-month bank notes
- Common stock equity

Assume, Abc Company was following conservative working capital policy and now it wants to move to an aggressive policy. As a result of this shift in policy, the company should expect which of the following?

- Both risk and profitability will decrease
- Both risk and liquidity will increase
- Expected profitability will increase, while risk will decrease
- Decrease in liquidity, while expected profitability will increase

The beta of the risk free asset is:

- 100
- -100
- 0.50
- 0.00