

ACC501 3RD Quiz File after midterm

Question # 1 of 10 (Start time: 01:34:45 PM) Total Marks: 1

Which of the given area is NOT addressed by Business Finance?

Select correct option:

Financing

Investing

Managing day today expenses

None of the given options

Question # 2 of 10 (Start time: 01:35:36 PM) Total Marks: 1

The concepts of present value and future value are:

Select correct option:

Directly related to each other

Not related to each other

Proportionately related to each other

Inversely related to each other

Question # 3 of 10 (Start time: 01:35:54 PM) Total Marks: 1

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.

Question # 4 of 10 (Start time: 01:36:18 PM) Total Marks: 1

IRR and NPV rules always lead to identical decisions as long as:

Select correct option:

Cash flows are conventional

Cash flows are independent

Cash flows are both conventional and independent

None of the given options

Question # 5 of 10 (Start time: 01:36:59 PM) Total Marks: 1

JJ Inc. has a 4 percent return on total assets of Rs. 500,000 and a net profit margin of 5 percent. Total sales for JJ Inc. would be :

Select correct option:

Rs. 150,000

Rs. 200,000

Rs. 250,000

Rs. 400,000

Question # 6 of 10 (Start time: 01:37:34 PM) Total Marks: 1

When the market's required rate of return for a particular bond is much less than its

coupon rate, the bond is selling at:

Select correct option:

Premium

Discount

Par

Cannot be determined without more information

Question # 7 of 10 (Start time: 01:38:35 PM) Total Marks: 1

When real rate is ____, all interest rates will tend to be ____.

Select correct option:

Low; higher

High; lower

High; higher pg 88

None of the given options

Question # 8 of 10 (Start time: 01:39:55 PM) Total Marks: 1

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

Question # 9 of 10 (Start time: 01:41:15 PM) Total Marks: 1

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

Question # 10 of 10 (Start time: 01:42:26 PM) Total Marks: 1

A project whose acceptance does not prevent or require the acceptance of one or more alternative projects is referred to as a(n):

Select correct option:

mutually exclusive project

independent project

dependent project

contingent project

Question # 1 of 10 (Start time: 01:43:58 PM) Total Marks: 1

Which of the following is CORRECT regarding the present value discount factor?

Select correct option:

It is greater than 1.0

It is equal to zero when discount rate is zero
It increases as the time period increases

It decreases as the discount rate increases

Question # 2 of 10 (Start time: 01:44:48 PM) Total Marks: 1

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

Question # 3 of 10 (Start time: 01:45:03 PM) Total Marks: 1

Which of the following formula is used to calculate the price of a zero growth stock?

Select correct option:

$P_0 = D / R$

$P_0 = D_0 (1+g) / R$

$P_0 = D_0(1+g) / (R - g)$

$P_0 = D_1 / (R - g)$

Question # 4 of 10 (Start time: 01:45:56 PM) Total Marks: 1

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

Select correct option:

Agency problem

Interest conflict

Management conflict

Agency cost

Question # 5 of 10 (Start time: 01:46:16 PM) Total Marks: 1

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

Question # 6 of 10 (Start time: 01:47:17 PM) Total Marks: 1

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%

Question # 7 of 10 (Start time: 01:48:10 PM) Total Marks: 1

Which 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

Question # 8 of 10 (Start time: 01:48:39 PM) Total Marks: 1

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

Question # 9 of 10 (Start time: 01:49:11 PM) Total Marks: 1

Which of the following form of business organization is least regulated?

Select correct option:

Sole-proprietorship

General Partnership

Limited Partnership

Corporation

Question # 10 of 10 (Start time: 01:49:32 PM) Total Marks: 1

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

Select correct option:

Lower; higher

Higher; lower

Higher; higher pg 88

None of the given options