

Who of the following make a broader use of accounting information?

Select correct option:

- Accountants
- Financial Analysts**
- Auditors
- Marketers

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

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**

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**

In case of international business which of the given factor(s) must be considered?

Select correct option:

- Role of foreign exchange
- Balance of payments
- Attitude of Governments
- All of the given options**

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

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

Select correct option:

- Dividends**
- Retained Earnings
- Capital Gain
- None of the given options

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

Balance Sheet is based upon which of the following formula?

Select correct option:

- Assets = Liabilities – Stockholder's equity
- Assets + Liabilities = Stockholder's equity
- Assets + Stockholder's equity = Liabilities
- Assets = Liabilities + Stockholder's equity

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

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

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.

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

REF:

Management ratios are:

- Inventory Turnover Ratio
- Days' Sales in Inventory
- Receivables Turnover
- Days' Sales in Receivables

- Payables Turnover
- Total Assets Turnover
- Capital Intensity Ratio

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

Which of the following best represents the term “Financing”?

Select correct option:

It means raising money to acquire something.

It is an object that provides services.

It is trade license to trade securities on behalf of investors.

It represents an ownership interest.

_____ 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

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

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

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

Select correct option:

Sole-proprietorship

General Partnership

Limited Partnership

Corporation

Business Finance addresses which of the following?

Select correct option:

- Capital budgeting
- Capital structure
- Working capital management
- All of the given options**

A business owned by a single person is known as:

Select correct option:

- Solo proprietorship**
- General partnership
- Limited Partnership
- Unlimited partnership

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%

$$(250,000/150,000)*100 = 40\%$$

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

Select correct option:

- Increase
- Decrease**
- Remain unaffected
- Become Zero

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**

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

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

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**

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 Partnership
- Corporation

REF:

General partnership: all partners share in gains and losses and all have unlimited liability for all partnership debts

In which of the following form of business “All Business income is not considered as personal income”?
Select correct option:

- Corporate form
- Partnership**
- Sole proprietorship
- None of the given options

The difference between current assets and current liabilities is known as:
Select correct option:

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

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

Balance Sheet is based upon which of the following formula?

Select correct option:

Assets = Liabilities – Stockholder's equity

Assets + Liabilities = Stockholder's equity

Assets + Stockholder's equity = Liabilities

Assets = Liabilities + Stockholder's equity

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

Double taxation of earning is the major disadvantage of which of the following form of business?

Select correct option:

Corporate form

Partnership

Sole proprietorship

None of the given options

The difference between current assets and current liabilities is known as:

Select correct option:

Surplus Asset

Short-term Ratio

Working Capital

Current Ratio

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

Which 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

REF: LESSON 5

The income statement measures performance over a specific period of time.

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

REF:

Current ratio = Current Assts/Current liabilities

In which type of market, used securities are traded?

Select correct option:

Primary market

Secondary market

Tertiary market

None of the given options

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

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

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

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

Which of the following is disadvantage of sole proprietor business?

Select correct option:

Easy to start

Business income is considered as personal income

Limited sources

None of the given options

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

Select correct option:

Benchmarking

Standardizing

Comparison

Evaluation

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

Select correct option:

Sole-proprietorship

General Partnership

Limited Partnership

Corporation

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.

Double taxation of earning is the major disadvantage of which of the following form of business?

Select correct option:

Corporate form

Partnership

Sole proprietorship

None of the given options

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

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

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

Who of the following make a broader use of accounting information?

Select correct option:

Accountants
Financial Analysts
Auditors
Marketers

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

Which of the following is measured by retention ratio?

Select correct option:

Operating efficiency
Asset use efficiency
Financial policy
Dividend policy

Which of the following is the most significant financial advantage of corporate form?

Select correct option:

Easy to raise money
Double taxation
Easy to start
All business income is divided among shareholder

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**

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

REF: $(90/910)*100$

The process of determining the present value of a payment or a stream of payments that is to be received in the future is known as:

Select correct option:

- Discounting
- Compounding**
- Factorization
- None of the given options

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

Which of the following is measured by profit margin?

Select correct option:

- Operating efficiency**
- Asset use efficiency Measured by Total Asset turnover
- Financial policy
- Dividend policy

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**

The most important item that can be extracted from financial statements is the actual _____ of the firm.

Select correct option:

Net Working Capital
Cash Flow
Net Present Value
None of the given options

Which one of the following terms refers to the risk arises for bond owners from fluctuating interest rates?

Select correct option:
Fluctuations Risk
Interest Rate Risk
Real-Time Risk
Inflation Risk

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

What amount a borrower would pay at the end of fourth year with a 4-year, 12%, interest-only loan of Rs. 8,000?

Select correct option:
Rs. 1,360
Rs. 2,000
Rs. 5,625
Rs. 8,960

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

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

Which of the given is treated as financial asset?

Select correct option:
Corporate bond
Machinery
Inventory
Factory building

What amount a borrower would pay at the end of fourth year with a 4-year, 12%, interest-only loan of Rs. 8,000?

Select correct option:

- Rs. 1,360
- Rs. 2,000
- Rs. 5,625
- Rs. 8,960**

Which of the following is disadvantage of sole proprietor business?

Select correct option:

- Easy to start
- Business income is considered as personal income
- Limited sources**
- None of the given options

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**

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

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

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

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**

A ____ covenant limits or prohibits actions that company might take.

Select correct option:

- Positive
- Negative**
- Neutral
- None of the given options

In which of the following form of business “All Business income is not considered as personal income”?

Select correct option:

- Corporate form
- Partnership**

In which form of Business, owners have limited liability.

Select correct option:

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

REF: Corporation has limited liability

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

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

Select correct option:

- 14
- 28
- 32
- 56 doubt**

$$\log FV = \log [PV (1 + i) ^ t]$$
$$\log FV = \log PV + t \log (1 + i)$$
$$\log 57921 = \log 190 + \log 1.12 = t$$

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**

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**

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

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

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

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**

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

REF: Annual Coupon Payment = Face Value x Coupon Rate
Coupon Rate = Annual Coupon Payment / Face Value

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

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

Select correct option:

Agency problem
Interest conflict
Management conflict
Agency cost

Which of the following is (are) the characteristic(s) of sole proprietor business?

Select correct option:

Easy to start
Business income is considered as personal income
Limited sources
All of the given options

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

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

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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

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

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

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

Which of the following best represents the term "Financing"?

Select correct option:

It means raising money to acquire something
It is an object that provides services.
It is trade license to trade securities on behalf of investors.
It represents an ownership interest.

If a firm uses cash to purchase inventory, its current ratio will:

Select correct option:

Increase
Decrease
Remain unaffected
Become zero

If a firm uses cash to purchase inventory, its current ratio will Remain unaffected

Which of the following is the amount of cash we would get if we actually sell an asset?

Select correct option:

Market Value
Book Value

Intrinsic Value
None of the given options

Which of the following is disadvantage of sole proprietor business?
Select correct option:

Easy to start
Business income is considered as personal income
Limited sources
None of the given options

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

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

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

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 %

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

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**

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

Finance is the art and science of handling _____.

Select correct option:

- Money**
- People
- Authority
- None of the given options

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**

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

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

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**

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 $10,000 * (1 + 0.08)^6$

XYZ Company has a ROE of 12 percent and a dividend payout ratio of 40 percent. What is the firm's maximum sustainable rate of growth?

Select correct option:

3.73%

5.93%

7.76%

9.17%

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

Select correct option:

Benchmarking

Standardizing

Comparison

Evaluation

Anwar wants to invest some money so that he will have Rs. 50,000 for his child's school education 15 years from now. He can earn 8 percent compounded annually. How much does he need to invest today?

Select correct option:

Rs. 15,762

Rs. 17,271

Rs. 18,980

Rs. 20,404

Formula to use: $PV = FV / (1+i)^t$

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

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

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)

Which of the given is (are) major difference(s) between net income and cash flow of the company?

Select correct option:

- Accounts receivable only
- Depreciation only
- Accounts payable only
- All of the given options**

REF: The major difference between net income and cash flow of the company is non cash items

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.

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**

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

Between the two identical bonds having different maturity periods, the price of the _____ bond will change less than that of _____ bond.

Select correct option:

- long-term; short-term
- short-term; long-term
- lower-coupon; higher-coupon**
- None of the given options

QUIZ NO 1

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

Liquidity ratios

Long term solvency ratios
Profitability ratios
Market value ratios

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

Income statement

Balance sheet

Owner's equity statement
Cash flow statement

- Which of the given is treated as financial assets?

Corporate bond

Machinery
Inventory
Factory bundling

- Which of the following refers to the conflicts between the principal and agents?

Management conflict
Interest conflict

Agency problem

None of given option

- If a firm debt ratio is 45% this means-----of the firm assets are financed by equity financing?

50%

40%

55%

Cannot be determined without more information

- The conflict of the interest between stocks holder and management is known as

Agency problem

Interest conflict
Management conflict
Agency cost

- Which of the following term refers to establish of a standard to flow for comparison?

Benchmarking

Standardizing
Comparison
Evaluation

- Financial policy is evaluated by which one of the following?

Profit margin
Total assets turnover

Debt equity ratio

None of the given option

- Which of the following set of ratio relates the market price of the firm's common stock to selected financial statement items?

Liquidity ratio

Leverage ratio

Profitability ratio

Market value ratio

- Which of the following is the cash flow from financing activity?

Cash outflow government to the tax

Cash out flow to the share holder as a dividend

Cash outflow to the lenders as interest

Cash outflow to purchase bonds issued by another company

Quiz no 2:

- Which one of the following statement shows both dollars and percentage in report?

Balance sheet

Common-size statement

Income statement

Relative statement of equity

- In which type of business, all owner share in gains and losses and have unlimited liability for all business debt?

Sole-proprietorship

General partnership

Limited partnership

Corporation

- Quick ratio is also known as:

Current ratio

Acid-test ratio

Cash ratio

None of given option

- The most important item that can be extracted from financial statement is the actual-----of the firm.

Net working capital

Cash flow

Net present value

None of the given option

- Which of the following is not the form of business organization?

Sole-proprietorship

Partnership

Corporation

Corporative society

- According to the du pont identity, REO is affect by which one of the following?

Operating efficiency

Asset use efficiency

Financial leverage

All of the given option

- If a firm has a REO of 8%, sales of a 100,000 and total asset of Rs. 75,000 what is the profit margin?

4.30%

6.00%

10.70%

16.73%

- Net income after taxation differs from net cash flow from operation?

Depreciation expense is shown in the cash flow statement and not in the income statement.

None cash item are include in the income statement not in the cash flow statement

Cash sales are shown are 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.

- Which of the following is not an internal use of financial statement information?

Planning for the future through the historic information

Evaluation of performance through profit margin and return on equity

Evaluation of credit standing of new costumers

None of the given options

- Agency problem can be controlled by which of the way?

Monitor what the agent is doing?
Employ auditors to review company books to make sure fund are used properly
Pay bones shares to manger as compensation plan
All of the given options

Quiz no 3:

Question # 1 of 10 (Start time: 06:39:26 PM) Total Marks: 1

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

Select correct option:

inventory
supplies
machinery
depreciation (correct)

Question # 2 of 10 (Start time: 06:40:38 PM) Total Marks: 1

Time value of money is an important finance concept because:

Select correct option:

it takes risk imnto account
it takes time into account
it takes compund interest into account
all of the given option (correct)

Question # 3 of 10 (Start time: 06:41:18 PM) Total Marks: 1

The most common application of term "Finance" involves raising money to acquire_____.

Select correct option:

land and guilding
machinery and equipment
inventory
All of the given option (correct)

Question # 4 of 10 (Start time: 06:41:58 PM) Total Marks: 1
Head of Treasury department reports to whom?
Select correct option:

Financial and accountant
chief of financial officer (correct)
cash and credit manager
board of directors

Question # 5 of 10 (Start time: 06:43:20 PM) Total Marks: 1
Which of the following is subcategory (ies) of finance department?
Select correct option:

Accounting department only
treasury department only
Accounting department and treasury department (correct)
none of the given option

Question # 6 of 10 (Start time: 06:44:06 PM) Total Marks: 1
Which of the following form of business organization is least regulated?
Select correct option:

sole proprietorship (correct)
General partnership
limited partnership
corporation

Question # 7 of 10 (Start time: 06:44:46 PM) Total Marks: 1
Which of the following terms refers to the use of debt financing?
Select correct option:

operating leverage
financial leverage
management leverage
none of the given option

Question # 8 of 10 (Start time: 06:45:22 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**

$ROTA = N.P / \text{Total Assets}$

$4\% = N.P / 500,000$

$4\% * 500,000 = N.P$

$N.P = \text{Rs. } 20,000$

$N.P \text{ Margin} = N.P / \text{Sales}$

$5\% = 20,000 / \text{Sales}$

$5\% * \text{Sales} = 20,000$

$\text{Sales} = 20,000 / 5\%$

$\text{Sales} = 400,000$

Question # 9 of 10 (Start time: 06:46:45 PM) Total Marks: 1

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

Select correct option:

Agency problem (correct)

intrest conflict

Management conflict

Agency cost

Question # 10 of 10 (Start time: 06:47:15 PM) Total Marks: 1

If a firm uses cash to purchase inventory, its current ratio will:

Select correct option:

increase

decrease

remain unaffected

become zero

Quiz no 4

Question # 1 of 20 (Start time: 10:16:04 PM) Total Marks: 1

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 (correct)

A description of the security

Question # 2 of 20 (Start time: 10:16:44 PM) Total Marks: 1

Which of the following is (are)the characteristic(s) of sole proprietor business?

Select correct option:

Easy to start (doubt)

Business income is considered as personal income

Limited sources

All of the given options Correct

Question # 3 of 20 (Start time: 10:17:51 PM) Total Marks: 1

in which form of Business, owners have limited liability.

Select correct option:

sole proprietorship

partnership

joint stock company (correct)

none of the above

Question # 4 of 20 (Start time: 10:18:31 PM) Total Marks: 1

A _____ covenant limits or prohibits actions that company might take.

Select correct option:

Positive

Negative (correct)

Neutral

None of the given options

Question # 5 of 20 (Start time: 10:19:17 PM) Total Marks: 1

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 (correct)

Neither product cost nor period cost

Question # 6 of 20 (Start time: 10:19:50 PM) Total Marks: 1

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 (correct)**

Question # 7 of 20 (Start time: 10:20:25 PM) Total Marks: 1

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 (correct)**
- Cash Flow Statement
- Retained Earning Statement

Question # 8 of 20 (Start time: 10:21:02 PM) Total Marks: 1

The difference between current assets and current liabilities is known as:

Select correct option:

- Surplus Asset
- Short-term Ratio
- Working Capital (correct)**
- Current Ratio

Question # 9 of 20 (Start time: 10:21:39 PM) Total Marks: 1

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 (correct)**
- Corporation
- None of the given options

Question # 10 of 20 (Start time: 10:22:08 PM) Total Marks: 1

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 (correct)**

Question # 11 of 20 (Start time: 10:22:36 PM) Total Marks: 1

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

Select correct option:

Income Statement

Balance Sheet (correct)

Owner's Equity Statement

Cash Flow Statement

Question # 12 of 20 (Start time: 10:23:06 PM) Total Marks: 1

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 (correct)

Protective covenants

Question # 13 of 20 (Start time: 10:23:49 PM) Total Marks: 1

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 (correct)

Annuity due

Perpetuity

None of the given options

Question # 14 of 20 (Start time: 10:24:28 PM) Total Marks: 1

In which type of market, new securities are traded?

Select correct option:

Primary market (correct)

Secondary market

Tertiary market

None of the given options

Question # 15 of 20 (Start time: 10:24:58 PM) Total Marks: 1

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 (correct)

Rs. 28,253

Question # 16 of 20 (Start time: 10:25:31 PM) Total Marks: 1

In which type of market, used securities are traded?

Select correct option:

- Primary market
- Secondary market (correct)**
- Tertiary market
- None of the given options

Question # 17 of 20 (Start time: 10:26:07 PM) Total Marks: 1

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 % (correct)**
- 60 %

Question # 18 of 20 (Start time: 10:26:37 PM) Total Marks: 1

Business Finance addresses which of the following?

Select correct option:

- Capital budgeting
- Capital structure
- Working capital management
- All of the given options (correct)**

Question # 19 of 20 (Start time: 10:27:59 PM) Total Marks: 1

In which of the following form of business “All Business income is not considered as personal income”?

Select correct option:

- Corporate form
- Partnership**
- Sole proprietorship
- None of the given options

Question # 20 of 20 (Start time: 10:29:25 PM) Total Marks: 1

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 (correct)**

Quiz no 5

Question # 1 of 20 (Start time: 09:49:29 PM) Total Marks: 1

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

Select correct option:

- 14
- 28
- 32
- 56 (correct)**

Question # 2 of 20 (Start time: 09:50:58 PM) Total Marks: 1

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 (correct)**

Question # 3 of 20 (Start time: 09:52:06 PM) Total Marks: 1

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

Select correct option:

- Dividends
- Retained Earnings (correct)**
- Capital Gain
- None of the given options

Question # 4 of 20 (Start time: 09:53:00 PM) Total Marks: 1

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 (correct)**
- 15.75 years
- 18.78 years

Question # 5 of 20 (Start time: 09:53:39 PM) Total Marks: 1

The difference between current assets and current liabilities is known as:

Select correct option:

- Surplus Asset
- Short-term Ratio
- Working Capital (correct)**
- Current Ratio

Question # 6 of 20 (Start time: 09:54:21 PM) Total Marks: 1

A business owned by a single person is known as:

Select correct option:

- Sole-proprietorship (correct)**
- General partnership
- Limited partnership
- Corporation

Question # 7 of 20 (Start time: 09:55:36 PM) Total Marks: 1

In which of the following form of business “All Business income is not considered as personal income”?

Select correct option:

- Corporate form
- Partnership
- Sole proprietorship
- None of the given options

Question # 8 of 20 (Start time: 09:57:07 PM) Total Marks: 1

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

- **If the yield to maturity for a bond is less than the bond's coupon rate, then the (clean) market value of the bond is greater than the par value (and vice versa).**
- **If a bond's coupon rate is less than its YTM, then the bond is selling at a discount.**
- **If a bond's coupon rate is more than its YTM, then the bond is selling at a premium.**
- **If a bond's coupon rate is equal to its YTM, then the bond is selling at par.**

Question # 9 of 20 (Start time: 09:58:33 PM) Total Marks: 1

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 (correct)

Question # 10 of 20 (Start time: 09:59:17 PM) Total Marks: 1

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 (correct)

Less than its face value

Equal to its face value

Cannot be determined without more information

Question # 11 of 20 (Start time: 10:00:28 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 (correct)

Question # 12 of 20 (Start time: 10:01:30 PM) Total Marks: 1

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

Select correct option:

Business Finance (correct)

Change management

Costing for accounting

All of the given options

Question # 13 of 20 (Start time: 10:02:31 PM) Total Marks: 1

Which of the following is (are)the characteristic(s) of sole proprietor business?

Select correct option:

Easy to start

Business income is considered as personal income

Limited sources

All of the given options (correct)

Question # 14 of 20 (Start time: 10:03:52 PM) Total Marks: 1

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 (correct)

Common Stocks

Preferred Stock

All of the given options

Question # 15 of 20 (Start time: 10:04:31 PM) Total Marks: 1

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 (correct)

A description of the security

Question # 16 of 20 (Start time: 10:05:10 PM) Total Marks: 1

How much must be deposited at 10% each of the next 15 years to have Rs. 14297.62?

Select correct option:

Rs. 225

Rs. 341

Rs. 410

Rs. 450 not sure

Question # 17 of 20 (Start time: 10:06:32 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 (correct)**
- 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 # 18 of 20 (Start time: 10:07:08 PM) Total Marks: 1
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 (correct)**

Question # 19 of 20 (Start time: 10:07:56 PM) Total Marks: 1
Which of the following best represents the term “Financing”?

Select correct option:

- It means raising money to acquire something.**
- It is an object that provides services.
- It is trade license to trade securities on behalf of investors.
- It represents an ownership interest.

Question # 20 of 20 (Start time: 10:09:22 PM) Total Marks: 1
What is the effective annual rate of 7 percent compounded monthly?

Select correct option:

- 7.00 percent
- 7.12 percent (correct)**
- 7.19 percent
- 7.23 percent

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