ACC501 Solved Quiz No-4 2012

**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

**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**

**The relationship between real and nominal returns is described by the:**

**Select correct option:**

M&M Proposition

Capital Asset Pricing Model

**Fisher’s Effect**

BCG Matrix

**An investment should be accepted if the Net Present Value (NPV) is \_\_\_\_\_\_\_\_\_\_ and rejected if it is \_\_\_\_\_\_\_\_.**

**Select correct option:**

Positive; positive

**Positive; negative**

Negative; negative

Negative; positive

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

**Select correct option:**

**Sole-proprietorship**

General Partnership

Limited Partnership

Corporation

**In which of the following procedure of voting for a company’s directors, each shareholder is entitled to one vote per share?**

**Select correct option:**

Straight Voting

Proportional Voting

**Cumulative Voting**

None of the given options

**Which of the following cash flow activities are reported in the Cash Flow Statement and Income Statement?**

**Select correct option:**

**Operating Activities**

Investing Activities

Financing Activities

All of the given options

**Mr. Aslam owns 100 shares of a company and there are four directors to be elected. How much votes Mr. Aslam would have as per cumulative voting procedure?**

**Select correct option:**

100 votes

200 votes

300 votes

**400 votes**

**A given rate is quoted as 9 percent APR, but the EAR is 9.38 percent. What is the compounding period?**

**Select correct option:**

Semiannually

Quarterly

**Monthly**

Daily

**Which of the following terms refers to the use of debt financing?**

**Select correct option:**

Operating Leverage

**Financial Leverage**

Manufacturing Leverage

None of the given options

**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

**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

**A \_\_\_\_\_\_\_\_\_\_\_ is an agent who arranges security transactions among investors.**

**Select correct option:**

**Broker**

Dealer

Member

Specialist

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

**Select correct option:**

Increase

**Decrease**

Remain unaffected

Become zero

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

**Select correct option:**

**Primary Market**

Secondary Market

Tertiary Market

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**

**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**

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

Select correct option:

14

28

32

**56 (doubt)**

**One would be indifferent between taking and not taking the investment when:**

**Select correct option:**

NPV is greater than Zero

**NPV is equal to Zero (doubt)**

NPV is less than Zero

All of the given options

**SNT Corporation has policy of paying a Rs. 6 per share dividend every year. If this policy is to continue indefinitely, what will be the value of a share of stock at a 15% required rate of return?**

**Select correct option:**

Rs. 30

**Rs. 40**

Rs. 50

Rs. 60