Online Examinations (Even Sem/Part-I/Part-II Examinations 2020 - 2021

Course Name - Fundamentals of Financial Management
Course Code - BCMC403

* You can submit the form ONLY ONCE.
* Fill the following information for further process.

* Required

1. Email *

2. Name of the Student *

3. Enter Full Student Code *

4. Enter Roll No *

5. Enter Registration No *

6. Enter Course Code *

7. Enter Course Name *

8. *

Mark only one oval.

- Diploma in Pharmacy
- Bachelor of Pharmacy
- B.TECH.(CSE)
- B.TECH.(ECE)
- BCA
- B.SC.(CS)
- B.SC.(BT)
- B.SC.(ANCS)
- B.SC.(HN)
- B.Sc.(MM)
- B.A.(MW)
- BBA
- B.COM
- B.A.(JMC)
- BBA(HM)
- BBA(LLB)
- B.OPTOMETRY
- B.SC.(MB)
- B.SC.(MLT)
- B.SC.(MRIT)
- B.SC.(PA)
- LLB
- B.SC(IT)-AI
- B.SC.(MSJ)
- Bachelor of Physiotherapy
- B.SC.(AM)
- Dip.CSE
- Dip.ECE
- DIP.EE
- DIP.CE

- DIP.ME
- PGDHM
- MBA
- M.SC.(BT)
- M.TECH(CSE)
- LLM
- M.A.(JMC)
- M.A.(ENG)
- M.SC.(MATH)
- M.SC.(MB)
- MCA
- M.SC.(MSJ)
- M.SC.(AM)
- M.SC.CS)
- M.SC.(ANCS)
- M.SC.(MM)
- B.A.(Eng)

Answer all the questions. Each question carry one mark.

9. 1. A capital budgeting technique which does not require the computation of cost of capital for decision making purposes is

Mark only one oval.

- Net Present Value Method
- Internal Rate of Return Method
- Profitability Index Method
- Payback Period Method

10. 2. If two alternative proposals are such that the acceptance of one shall exclude the possibility of the acceptance of another then such decision making will lead to

Mark only one oval.

- Mutually Exclusive Project
- Accept Reject Decision
- Contingent Decision
- None of the above

11. 3. While evaluating capital investment proposals, time value of money is used in which of the following techniques

Mark only one oval.

- Payback Method
- Net Present Value Method
- Accountig Rate of Return
- All of the above

12. 4. Under Net present value criterion, a project is approved if

Mark only one oval.

- NPV is positive
- Funds are unlimited
- NPV is Zero
- None of the above

13. 5. What is the primary goal of financial management?

Mark only one oval.

- To minimise the risk
- To maximise the owner’s wealth
- To maximise the return
- To raise profit

14. 6. What does financial leverage measure?

Mark only one oval.

- No change with EBIT and EPS
- The sensibility of EBIT with % change with respect to output
- The sensibility of EPS with % change in the EBIT level
- Percent variation in the level of production

15. 7. Financial management mainly focuses on

Mark only one oval.

- Efficient management of every business
- Brand dimension
- Arrangement of funds
- All elements of acquiring and using means of financial resources for financial activities

16. 8. Time value of money indicates that

Mark only one oval.

- A unit of money obtained today is worth more than a unit of money obtained in future
- A unit of money obtained today is worth less than a unit of money obtained in future
- There is no difference in the value of money obtained today and tomorrow
- None of the above

17. 9. Financial structure refers to

Mark only one oval.

- Short-term resources.
- All the financial resources.
- Long-term resources.
- All of these.

18. 10. In Walter model formula D stands for

Mark only one oval.

- Dividend per share
- Direct dividend.
- Direct earnings
- None of these

19. 11. Which of the following is a specific risk factor?

Mark only one oval.

- Market Risk
- Interest Rate Risk
- Inflation Risk
- Financial Risk

20. 12. The major benefit of diversification is to___________.

Mark only one oval.

- Increase the expected return
- Increase the size of the investment portfolio.
- Reduce brokerage commissions.
- Reduce the expected risk.

21. 13. Which one of the following is / are the relevance theory?

Mark only one oval.

- Gorden.
- Walter
- Residual
- All of the above

22. 14. ____________ is the minimum required rate of earnings or the cut off rate of capital expenditure.

Mark only one oval.

- Cost of capital.
- Working capital
- Equity capital.
- None of the above.

23. 15. Which of the following is the first step in capital budgeting process?

Mark only one oval.

- Final approval
- Screening the proposal
- Implementing proposal
- Identification of investment proposal

24. 16. A mutually exclusive project can be selected as per payback period when it is ________

Mark only one oval.

- Less
- More
- More than 5 year
- None of the above

25. 17. The project can be selected if its profitability index is more than

Mark only one oval.

- 1 percent
- 3 percent
- 5 percent
- 10 percent

26. 18. ________________ is one that maximizes value of business, minimizes overall cost of capital, that is flexible, simple and futuristic, that ensures adequate control on affairs of business by the owners and so on.

Mark only one oval.

- Minimal Capital Structure
- Moderate Capital Structure
- Optimal Capital Structure
- Deficit Capital Structure

27. 19. The only feasible purpose of financial management is

Mark only one oval.

- Wealth Maximization
- Sales Maximization
- Profit Maximization
- Assets maximization

28. 20. Agency cost consists of

Mark only one oval.

- Binding
- Monitoring
- Opportunity and structure cost
- All of the above

29. 21. Time value of money supports the comparison of cash flows recorded at different time period by

Mark only one oval.

- Discounting all cash flows to a common point of time
- Compounding all cash flows to a common point of time
- Using either Discounting all cash flows to a common point of time or Compounding all cash flows to a common point of time
- None of the above

30. 22. Shareholder wealth" in a firm is represented by:

Mark only one oval.

- the number of people employed in the firm
- The book value of the firm's assets less the book value of its liabilities
- The amount of salary paid to its employees
- the market price per share of the firm's common stock

31. 23. The long-run objective of financial management is to:

Mark only one oval.

- maximize earnings per share
- maximize the value of the firm's common stock
- maximize return on investment
- maximize market share

32. 24. A(n)_____would be an example of a principal, while a(n)_____would be an example of an agent.

Mark only one oval.

- shareholder; manager
- manager; owner
- accountant; bondholder
- shareholder; bondholder

33. 25. _______of a firm refers to the composition of its long-term funds and its capital structure.

Mark only one oval.

- Capitalisation
- Over-capitalisation
- Under-capitalisation
- Market capitalization

34. 26. In the ______________, the future value of all cash inflow at the end of time horizon at a particular rate of interest is calculated

Mark only one oval.

- Risk-free rate
- Compounding technique
- Discounting technique
- Risk Premium

35. 27. ____________ enhance the market value of shares and therefore equity capital is not free of cost.

Mark only one oval.

- Face value
- Dividends
- Redemption value
- Book value

36. 28. When _________ is greater than zero the project should be accepted.

Mark only one oval.

- Internal rate of return
- Profitability index
- Net present value
- Modified internal rate of return

37. 29. ________ refers to the amount invested in various components of current assets.

Mark only one oval.

- Temporary working capital
- Net working capital
- Gross working capital
- Permanent working capital

38. 30. ___________ is the length of time between the firm's actual cash expenditure and its own cash receipt.

Mark only one oval.

- Net operating cycle
- Cash conversion cycle
- Working capital cycle
- Gross operating cycle

39. 31. ______________ refers to the length of time allowed by a firm for its customers to make payment for their purchase

Mark only one oval.

- Holding period
- Pay-back period
- Average collection period
- Credit period

40. 32. Amounts due from customers when goods are sold on credit are called ____________.

Mark only one oval.

- Trade balance
- Trade debits
- Trade discount
- Trade off

41. 33. ___________ and___________ carry a fixed rate of interest and are to be paid off irrespective of the firm's revenues.

Mark only one oval.

- Debentures, Dividends
- Debentures, Bonds
- Dividends, Bonds
- Dividends, Treasury notes

42. 34. Consider the below mentioned statements: 1. A debt-equity ratio of 2:1 indicates that for every 1 unit of equity, the company can raise 2 units of debt. 2. The cost of floating a debt is greater than the cost of floating an equity issue. State True or False:

Mark only one oval.

- 1-True, 2-True
- 1-False, 2-True
- 1-False, 2-False
- 1-True, 2-False

43. 35. How are earnings per share calculated?

Mark only one oval.

- Use the income statement to determine earnings after taxes (net income) and divide by the previous period's earnings after taxes. Then subtract 1 from the previously calculated value
- Use the income statement to determine earnings after taxes (net income) and divide by the number of common shares outstanding.
- Use the income statement to determine earnings after taxes (net income) and divide by the number of common and preferred shares outstanding.
- Use the income statement to determine earnings after taxes (net income) and divide by the forecasted period's earnings after taxes. Then subtract 1 from the previously calculated value.

44. 36. The gross profit margin is unchanged, but the net profit margin declined over the same period. This could have happened if

Mark only one oval.

- cost of goods sold increased relative to sales
- sales increased relative to expenses
- Govt. increased the tax rate.
- dividends were decreased.

45. 37. Which of the following statements (in general) is correct?

Mark only one oval.

- A low receivables turnover is desirable
- The lower the total debt-to-equity ratio, the lower the financial risk for a firm.
- An increase in net profit margin with no change in sales or assets means a poor ROI
- The higher the tax rate for a firm, the lower the interest coverage ratio

46. 38. All of the following influence capital budgeting cash flows EXCEPT

Mark only one oval.

- accelerated depreciation
- salvage value
- tax rate changes
- method of project financing used

47. 39. A capital investment is one that

Mark only one oval.

- has the prospect of long-term benefits
- has the prospect of short-term benefits
- is only undertaken by large corporations
- applies only to investment in fixed assets

48. 40. Preferred shareholders' claims on assets and income of a firm come_____those of creditor_______those of common shareholders.

Mark only one oval.

- before; and also before
- after; but before
- after; and also after
- equal to; and equal to

49. 41. _________varies inversely with profitability

Mark only one oval.

- Liquidity
- Risk
- Financing
- Liabilities

50. 42. Discounting is the process of calculating ______

Mark only one oval.

- Present value from future cash flow
- Future value from present cash flow
- furutre value from fixed installment income
- none of the above

51. 43. An increase in the firm's receivable turnover ratio means that:

Mark only one oval.

- it is collecting credit sales more quickly than before
- cash sales have decreased.
- it has initiated more liberal credit terms
- inventories have increased

52. 44. The traditional approach towards the valuation of a company assumes:

Mark only one oval.

- that the overall capitalization rate holds constant with changes in financial leverage
- that there is an optimum capital structure
- that total risk is not altered by changes in the capital structure
- that markets are perfect

53. 45. In MM model MM stands for...

Mark only one oval.

- M.Khan and Modigiliani
- Miller and M.Khan
- Modigiliani and M.Khan
- Miller and Modigliani

54. 46. CAPM stands for

Mark only one oval.

- Capital Asset Pricing Model
- Capital Arbitararion Model
- Capital Asset Product Model
- none of the above

55. 47. When total current assets exceeds total current liabilities it refers to

Mark only one oval.

- Gross Working Capital
- Temporary Working Capital
- Both Gross Working Capital and Temporary Working Capital
- Net Working Capital

56. 48. What is the difference between the current ratio and the quick ratio?

Mark only one oval.

- The current ratio includes inventories and the quick ratio does not
- The current ratio does not include inventories and the quick ratio does
- The current ratio includes physical capital and the quick ratio does not
- The current ratio does not include physical capital and the quick ratio does

57. 49. ______________ is the price at which the bond is traded in the stock exchange.

Mark only one oval.

- Redemption value
- Face value
- Market value
- Maturity value

58. 50. Uses of funds include a (an)

Mark only one oval.

- decrease in cash
- Increase in any liability
- increase in fixed assets
- tax refund

59. 51. An increase in the firm's receivable turnover ratio means that:

Mark only one oval.

- it is collecting credit sales more quickly than before
- cash sales have decreased.
- it has initiated more liberal credit terms
- inventories have increased

60. 52. The valuation of a financial asset is based on determining:

Mark only one oval.

- the present value of future cash flows
- the current yield to maturity on long term corporate bonds
- the capital budgeting process
- what the corporation is paying to attract preferred shareholders

61. 53. The cost of retained earnings is equal to:

Mark only one oval.

- the return on new common stock
- the return on preferred stock
- the return on existing common stock
- It does not have a cost.

62. 54. The standard deviation:

Mark only one oval.

- is the square root of the variance
- measures dispersion or variability around the expected value
- may be used to compare investments with the same expected return
- all of the above are correct

63. 55. The value in five years of a stream of payments received over the five year period is known as

Mark only one oval.

- Future value annuity
- Present value annuity
- Compound sum single amount
- Present value single amount

64. 56. Under the marginal principle of retained earnings:

Mark only one oval.

- the firm must compare what it can earn with what shareholders could earn on funds if they were distributed
- all funds above and beyond retained earnings are paid to shareholders
- funds not paid to creditors and preferred shareholders belong to common shareholders
- all projects are financed internally

65. 57. The least expensive form of financing for the firm is:

Mark only one oval.

- existing common stock
- preferred stock
- debt
- new common stock

66. 58. As more and more funds are required by the firm, the cost of each component of the capital structure may increase. These incremental changes are most correctly referred to as:

Mark only one oval.

- the weighted average cost of capital
- the marginal cost of capital
- the cost of capital
- the incremental cost of capital

67. 59. A major disadvantage of preferred stock is

Mark only one oval.

- common stock dividends have a higher order of precedence
- dividends are not tax-deductible
- there is no secondary market for preferred stock
- the preferred dividend may vary greatly year to year

68. 60. The degree of financial leverage may be defined as:

Mark only one oval.

- percent change in sales/percent change in volume
- percent change in EPS/percent change in net income
- percent change in EPS/percent change in EBIT
- percent change in EPS/percent change in sales
