



BRAINWARE UNIVERSITY

ODD Semester Examinations 2021- 22

Programme – Master of Business Administration - 2019 [MBA]

Course Name – Project Appraisal and Finance

Course Code – FM302

(Semester III)

Time allotted : 1 Hour 15 Minutes

Full Marks : 60

(Multiple choice type question)

60 x 1 = 60

Choose the correct alternative from the following

- (I) What is PPP Model
- A) Promotion of Project Profitability
B) Private Public Partnership
C) Private Profitability Project
D) Partnership on poor project
- (II) ADR'S mean
- A) Australian Depository Receipt
B) American Depository Receipt
C) African Depository Receipt
D) All-purpose Depository Receipt
- (III) Unlisted company can be valued at
- A) Net asset Method
B) Market value method
C) Net asset Method and Market value method
D) None of these
- (IV) In_____, the possession of security or goods remain with the borrower
- A) Pledge
B) Hypothecation
C) Commercial paper
D) Trade credit
- (V) Gross Profit Ratio for a firm remains same but the Net Profit Ratio is decreasing. The reason for such behavior could be
- A) Increase in Costs of Goods Sold
B) If Increase in Expense
C) Increase in Dividend
D) Decrease in Sales
- (VI) Which of the following statements is incorrect regarding a normal project?
- A) If the NPV of a project is greater than 0, then its PI will exceed 1.
B) If the IRR of a project is 8%, its NPV, using a discount rate, k, greater than 8%, will be less than 0.
C) If the PI of a project equals 0, then the project's initial cash outflow equals the PV of its cash flows.
D) If the IRR of a project is greater than the discount rate, k, then its PI will be greater than 1
- (VII) Five dimensions that must be managed on a project
- A) Constraint, Quality, Cost, Schedule, Staff
B) Features, Quality, Cost, Schedule, Staff
C) Features, priority, Cost, Schedule, Staff
D) Features, Quality, Cost, Schedule, customer
- (VIII) The common stock of a company must provide a higher expected return than the debt of the same company because
- A) There is less demand for stock than for bonds.
B) there is greater demand for stock than for bonds
C) there is more systematic risk involved for the common stock
D) there is a market premium required for bonds
- (IX) Which of the performance evaluation methods takes into consideration tax effects
- A) Economic value added
B) Return on sales
C) Residual income
D) Return on investment
- (X) The contribution of the borrower in financing is called
- A) Self- Finance
B) Margin
C) Installment
D) Self -Contribution
- (XI) Ratio of receivable to average credit sale per day is
- A) Average collection period
B) Receivable ratio

C) Credit sale ratio

D) Receivable period

(XII) Which of the following sources of funds has an Implicit Cost of Capital?

A) Equity Share Capital

B) Preference Share Capital

C) Debentures

D) Retained earnings

(XIII) If a bank accept a bill and pays immediately against a deal of credit sales, it is called

A) Factoring

B) Collection

C) Discounting

D) Overdraft

(XIV) The _____ induces assessment of total market size representing demand

A) Market survey

B) Marketing

C) Forecasting

D) None of these

(XV) Venture capital scheme of IDBI is named as

A) Seed capital scheme

B) Venture capital fund

C) Entrepreneurship scheme

D) Small scale finance scheme

(XVI) Permanent working capital

A) Varies with seasonal needs

B) Includes fixed assets

C) Is the amount of current assets required to meet a firm's long-term minimum W C

D) Includes accounts payable

(XVII) The detail about outlay of funds and requirement of working capital is shown in which part of project report

A) Economical aspect

B) Financial aspect

C) Costing details

D) Investment detail

(XVIII) Procedure for preparation of 'Projected Financial Statements' should start from

A) Projection of Fixed Assets

B) Projection of Capital,

C) Projection of Sales

D) Projection of Profit

(XIX) Invitation to public for subscription of shares requires a document called

A) Registration certificate

B) Memorandum of association

C) Prospectus

D) Articles of association

(XX) For an all-equity financed firm, a project whose expected rate of return plots should be rejected.

A) above characteristic line

B) above security market line

C) below security market line

D) below characteristic line

(XXI) JIT system requires the following for its successful implementation

A) Team work

B) Discipline

C) Supplier involvement

D) All of these

(XXII) Corporate wealth maximization is the value maximization for

A) Equity shareholders

B) Stakeholders

C) Employees

D) Debt capital owners

(XXIII) Promotion of welfare of human by corporate is called a

A) Social service

B) Philosophy

C) NGO work

D) Corporate philanthropy

(XXIV) The overall budget covering the whole enterprise is known as

A) master budget

B) transaction budget

C) management

D) budget

(XXV) Monitoring of project is preceded by

A) Formulation

B) Appraisal

C) Implementation

D) Evaluation

(XXVI) According to pay back, shorter pay back is

A) Desirable in the project

B) Undesirable in the project

C) Rational in the project

D) Irrational in project

(XXVII) Ratio of cost goods sold and average inventory is called

- A) Turnover ratio
- C) Authorized clerk

- B) Inventory ratio
- D) Inventory turnover ratio

(XXVIII) If a company's earnings per share is \$20 and it has a share price of \$600, what is the P/E ratio?

- A) 30
- C) 50

- B) 40
- D) 20

(XXIX) Which of the following sources of funds for capital investment involves a tax adjustment to determine the cost of capital?

- A) Retained profits
- C) Issuing common stock

- B) Issuing debt
- D) All of the above involve a tax adjustment

(XXX) The final step in the specifications and design of roadway elements is

- A) Specifications
- C) Geometric design

- B) Design elements
- D) Safety and audit of the design elements

(XXXI) Study of international market and export possibilities is done under

- A) commercial appraisal
- C) economic appraisal

- B) financial appraisal
- D) technical appraisal

(XXXII) Turned around strategies of a project is

- A) Transfer the running project in to profit
- C) Turn down the managing director of a company

- B) Transfer the staff in and around the company`s head office
- D) None of these

(XXXIII) A budget coring all aspects of a firm's working is called

- A) Master Budget
- C) Operating Budget

- B) Company Budget
- D) Production Budget

(XXXIV) A service provided for financing and collection receivables is known as

- A) Term Loan
- C) Bill Purchased

- B) Leasing
- D) Factoring

(XXXV) Tandon committee was appointed by RBI in the year

- A) 1980
- C) 1974

- B) 1979
- D) 1986

(XXXVI) A budget covering all aspects of a firms working is

- A) Total budget
- C) Capital budget

- B) Master Budget
- D) Gross budget

(XXXVII) Merchant banker plays the role of _____ for a corporate enterprise

- A) Promoter
- C) Critic

- B) Valuer
- D) Observer

(XXXVIII) Which is not a fee based advisory service.

- A) Portfolio Management
- C) Loan Syndicate

- B) Leasing
- D) Credit Rating

(XXXIX) A firm can borrow at an interest rate of 10%. Its marginal tax rate is 40%. What is its cost of debt?

- A) 0.1
- C) 0.06

- B) 0.14
- D) None of these are correct

(XL) Prime duty of a merchant banker is

- A) Maintaining records of clients
- C) Working as a Capital Market Intermediary

- B) Giving loans to clients
- D) None of these

(XLI) The cost of equity capital is all of the following EXCEPT

- A) The minimum rate that a firm should earn on the equity-financed part of an investment.
- C) By far the most difficult component cost to estimate.

- B) A return on the equity-financed portion of an investment that, at worst, leaves the market price of the stock unchanged
- D) Generally lower than the before-tax cost of debt

(XLII) Project formulation phase is also known as

- A) Definition phase
- C) Conception phase

- B) Evaluation phase
- D) Monitoring phase

- (XLIII) Which of the following method the time value of money
 A) Net present value
 B) Internal rate of return
 C) Profitability index
 D) Average accounting rate of return
- (XLIV) In cases where capital must be rationed, a firm should rank projects according to their
 A) net present values
 B) internal rates of return
 C) profitability indexes
 D) external rates of return
- (XLV) Cash Inflows from a project include
 A) Tax Shield of Depreciation
 B) Raising of Funds
 C) After-tax Operating Profits
 D) Both Tax Shield of Depreciation and After-tax Operating Profits
- (XLVI) Evaluating the quality of project management's handling of project finances is done by
 A) Cost benefit analysis
 B) Audit
 C) Result evaluation
 D) Impact analysis
- (XLVII) Which of the following is a primary security on housing finance
 A) Mortgage
 B) NSC
 C) Guarantee
 D) LIC Policy
- (XLVIII) Which of the following is a form of capital as the term is used in economics?
 A) Houses owned by individuals
 B) Factories owned by businesses
 C) Education
 D) Money
- (XLIX) Geographical areas which enjoy privileges for industries are
 A) Protection zone
 B) Special economic zone
 C) Free industries zone
 D) Supper economic zone
- (L) A mutually exclusive decision means
 A) Accepting of an alternative, leads to rejecting of other
 B) Accepting of both alternatives
 C) Rejecting of both alternatives
 D) Both Accepting of an alternative, leads to rejecting of other and Rejecting of both alternatives
- (LI) A shareholder of a company has
 A) Limited liability
 B) Unlimited liability
 C) No liability
 D) Twice the value of share liability
- (LII) The term 'inventory' Contains
 A) Raw material in Stock
 B) Cash in hand
 C) Bank balance
 D) All of these
- (LIII) The cost of storing goods is
 A) Ordering cost
 B) Storing cost
 C) Carrying cost
 D) Material cost
- (LIV) In a leasing contract the lessee is one
 A) Who lease the asset
 B) Who use the asset
 C) Who is middle of the lease contract
 D) Venture Capital
- (LV) Which is the first stage of project life cycle?
 A) Financial analysis
 B) Conception
 C) Economic analysis
 D) Implementation
- (LVI) Social cost benefit analysis of a project is considered for the
 A) Upper class population
 B) General public of the nation
 C) For Bank finance
 D) None of these
- (LVII) Under letter of credit arrangement, the risk is borne by
 A) Customer
 B) Customer Banker
 C) Supplier
 D) Supplier`s Banker
- (LVIII) A project is select when its profitability index is
 A) Less than 1
 B) Equal to 1
 C) More than 1
 D) None of these

(LIX) Broad parameter of project selection is

A) Economic viability

C) Environmental opportunities

B) Availability of funds

D) Expected rate of return

(LX) Which of the following is an internal source of investment funding?

A) Issuing bonds

C) Undistributed profits

B) Sale of stocks

D) All of these are internal sources