



BRAINWARE UNIVERSITY

Term End Examination 2021 - 22
Programme – Master of Business Administration
Course Name – Project Appraisal and Finance
Course Code - FM302
(Semester III)

Time : 1 Hr.15 Min.

Full Marks : 60

[The figure in the margin indicates full marks.]

Group-A

(Multiple Choice Type Question)

1 x 60=60

Choose the correct alternative from the following :

- (1) In which type of lease arrangement, a third party called lender is involved
 - a) Primary Lease
 - b) Secondary Lease
 - c) Leveraged Lease
 - d) Direct Leasing
- (2) Lease rent is calculated taking into account the
 - a) Capital investment
 - b) Depreciation
 - c) Interest
 - d) All of these
- (3) Venture capital scheme of IDBI is named as
 - a) Seed capital scheme
 - b) Venture capital fund
 - c) Entrepreneurship scheme
 - d) Small scale finance scheme
- (4) SEBI Regulation act enforced
 - a) 1990
 - b) 1992
 - c) 1995
 - d) 1998
- (5) Venture capital is an investment in highly risky project with the objectives of earning _____ rate of return
 - a) Unpredictable
 - b) Lower rate of return
 - c) Higher rate of return
 - d) Fixed
- (6) A budget covering all aspects of a firms working is
 - a) Total budget
 - b) Master Budget
 - c) Capital budget
 - d) Gross budget
- (7) Ratio of cost goods sold and average inventory is called
 - a) Turnover ratio
 - b) Inventory ratio
 - c) Authorized clerk
 - d) Inventory turnover ratio

- (8) Which of the following is considered as part of current assets
- a) WIP
b) Finished goods
c) Raw material
d) All of these
- (9) Which of the following is not a current liability
- a) Trade creditor
b) Inventor
c) Provision of Tax
d) Bank Overdraft
- (10) Short term promising notes with a fixed maturity period, issued by reputed corporations, are known as
- a) Note lending
b) Letter of credit
c) Commercial paper
d) Public deposit
- (11) Good inventory management helps in
- a) Reducing
b) Avoiding
c) Gaining
d) All of these
- (12) EOQ is the level at which
- a) Ordering cost is minimum
b) Carrying cost is minimum
c) Total cost is minimum
d) Set-up cost is minimum
- (13) Lead time is
- a) Time taken for collection of accounts receivables
b) Time between order placement and receipt of goods
c) Time taken for conversion from material to goods
d) Time between submission of quotation and receipt of order
- (14) Safety stock is also known as
- a) Lead Stock
b) Temporary Stock
c) Buffer Stock
d) All of these
- (15) Any amount over & above permanent level of working capital is known as
- a) Temporary working capital
b) Variable working capital
c) Fluctuating working capital
d) All of these
- (16) Commercial paper are used to finance
- a) Current Transaction
b) Fixed Asset
c) Permanent Working capital
d) All of these
- (17) In securities, CDs means
- a) Compact Disc
b) Common Discount
c) Certificate of Deposit
d) Certificate of Discount
- (18) Which of the following is not a service of merchant banks in India
- a) Project Finance
b) Leasing Services
c) Corporate advisory Services
d) None of these
- (19) ADR'S mean
- a) Australian Depository Receipt
b) American Depository Receipt
c) African Depository Receipt
d) All-purpose Depository Receipt
- (20) Which type of mutual funds are also known as 'Nest Eggs' investment
- a) Income fund
b) Growth Funds
c) Equity Funds
d) Specialized Fund
- (21) If the order quantity is kept minimum at a time

- a) Ordering cost is reduced
c) Number of order are less
- (22) The budget that is based on sales forecast is the
a) Purchase
c) production
- (23) The first phase of project life cycle is
a) Formulation
c) Monitoring
- (24) The study of project viability is done in this phase
a) Conception
c) Appraisal
- (25) BIFR Is constituted under
a) Sick industrial companies Act
c) Securities and exchange board and India Act
- (26) The factor like market share, demand and supply, competition, etc. are called
a) Financial factors
c) Economic factors
- (27) Economic factors are influenced by
a) Economic control
c) EXIM policy
- (28) Payback period is
a) The period in which a firm enables to pay its creditors
c) The period in which the investment on the project may be recovered
- (29) The rate at which NPV become zero
a) Accounting rate of return
c) Net rate of return
- (30) Is refers to all harmful consequences and damages which the community on the whole sustains as a result of productive processors
a) Social analysis
c) Social damage
- (31) Volume or number of units that can be manufactured in a given period is
a) Production volume
c) Plant appraisal
- (32) A measure of profitability relates to income to investment
a) Payback period
c) Accounting rate of return
- (33) One of the aim of Social cost benefit analysis of a project is
a) Creation of wealth of the nation
c) Creation of the employment
- (34) The ultimate goal of a social project is
- b) Ordering cost in higher
d) Quantity discounting is available
- b) cash
d) Capital expenditure
- b) Conception
d) Implementation
- b) Formulation
d) Monitoring
- b) Monopolies and restrictive practices Act.
d) Foreign exchange management Act
- b) Competitive factors
d) Market factors
- b) Fiscal policy
d) All of these
- b) The period in which a debtors payback the loan to the firm
d) The period in which all liabilities are paid back
- b) Internal rate of return
d) Present rate of return
- b) Social system
d) Social cost
- b) Plant capacity
d) None of these
- b) Dividend period
d) Maturity period
- b) Construction of the big industries
d) Creation of more and more gap between poor and rich

- a) To pay more dividend to Government
 c) To spread benefit to the society
- b) To pay the installment to bank
 d) To give more income to the society and club
- (35) Working Capital Turnover measures the relationship of Working Capital with
 a) Fixed Assets
 c) Purchases
- b) Sales
 d) Stock
- (36) Financial Planning deals with
 a) Preparation of Financial Statements
 c) Preparing Budgets
- b) Planning for a Capital Issue
 d) All of these
- (37) Which of the following is not shown in Cash Budget
 a) Proposed Issue of Capital
 c) Interest on loan
- b) Loan Repayment
 d) Depreciation
- (38) Which of the following may not be a part of projected Financial Statements
 a) Projected Income Statement
 c) Projected Cash Flow Statement,
- b) Projected Trial Balance
 d) Projected Balance Sheet
- (39) A sound Capital Budgeting technique is based on:
 a) Cash Flows
 c) Interest Rate on Borrowings
- b) Accounting Profit
 d) Last Dividend Paid
- (40) Depreciation is incorporated in cash flows because it:
 a) Is unavoidable cost
 c) Reduces Tax liability
- b) Is a cash flow
 d) Involves an outflow
- (41) Which of the following has the highest cost of capital?
 a) Equity shares
 c) Loans
- b) Loans
 d) Preference
- (42) EOQ is the quantity that minimizes
 a) Total Ordering Cost
 c) Total Interest Cost
- b) Total Inventory Cost
 d) Safety Stock Level
- (43) ABC Analysis is used in.
 a) Inventory Management,
 c) Accounting Policies
- b) Receivables Management
 d) Corporate Governance
- (44) Credit Rating of a debt security is
 a) Guarantee of Repayment
 c) Positive suggestion
- b) Merely opinion
 d) None of these
- (45) Which of the following is not regulated by SEBI?
 a) Foreign Institutional Investors
 c) Mutual Funds
- b) Foreign Direct Investment
 d) Depositories
- (46) The process of planning expenditures that will influence the operation of a firm over a number of years is called
 a) investment
 c) Net present valuation.
- b) Capital budgeting
 d) Dividend valuation.
- (47) Which of the following is an appropriate way to measure cash flows
 a) Treat depreciation as a negative cash flow
- b) Consider only incremental costs and revenue

- c) Consider only after-tax cash flows
- d) All of these are appropriate ways to measure cash flows
- (48) 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
b) 0.14
c) 0.06
d) None of these are correct
- (49) The review of projects after they have been implemented is called
- a) capital budgeting
b) a post audit
c) blame spreading
d) context correlation
- (50) What is the value of the firm usually based on
- a) The value of debt and equity
b) The value of equity
c) The value of debt
d) The value of assets plus liabilities
- (51) A project whose acceptance does not prevent or require the acceptance of one or more alternative projects is referred to as
- a) a mutually exclusive project
b) an independent project
c) a dependent project
d) a contingent project
- (52) All of the following influence capital budgeting cash flows EXCEPT
- a) Accelerated depreciation
b) Salvage value
c) Tax rate changes
d) Method of project financing used
- (53) Which of the following would not be financed from working capital?
- a) Cash float
b) Accounts receivable
c) Credit sales
d) A new personal computer for the office
- (54) 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
- (55) What does a high P/E ratio suggest
- a) A company shares are currently overpriced
b) A company shares are currently underpriced
c) No relation
d) None of these
- (56) Which of the following valuation methods is based on "Going concern concept"
- a) Market value method
b) Book value method
c) Liquidation method
d) Salvage value method
- (57) Internal rate of return is
- a) Rate at which discounted cash inflow is more than discounted cash outflow
b) Rate at which discounted cash inflow is less than discounted cash outflow
c) Rate at which discounted cash inflow is equal to the discounted cash outflow
d) Rate at which discounted cash inflow is more than discounted cash outflow and Rate at which discounted cash inflow is less than discounted cash outflow
- (58) In SWOT analysis the internal factors are
- a) Opportunities and threats
b) Strengths and weakness
c) both Opportunities and threats and Strengths and weakness
d) None of these
- (59) Blue print of a project is called
- a) Policies
b) Strategy

c) Detail project report
(60) The first step in the detail checklist of DPR is

- a) Executive summary
- c) Roadway features

d) Programme

- b) Background
- d) General details of the project