



BRAINWARE UNIVERSITY

Term End Examination 2020 - 21

Programme – Bachelor of Commerce (Honours) in Banking & Financial Accounting

Course Name – Project and Working Capital Financing

Course Code - BCM506B

Semester / Year - Semester V

Time allotted : 85 Minutes

Full Marks : 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question)

1 x 70=70

1. *(Answer any Seventy)*

(i) Which is the first stage of project life cycle?

- | | |
|-------------------|-----------------------|
| a) Conception | b) Economic analysis |
| c) Implementation | d) Financial analysis |

(ii) The factor associated with project appraisal in the field of market share, demand and supply, competition, etc are called

- | | |
|---------------------|------------------------|
| a) Economic factors | b) Competitive factors |
| c) Market factors | d) Financial factors |

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

- | | |
|-------------------------------|---------------------------|
| a) Projection of Fixed Assets | b) Projection of Capital, |
| c) Projection of Profit | d) Projection of Sales |

(iv) The advent of project management has been most profound in

- | | |
|-----------------------------|-----------------------------------|
| a) Automobile manufacturing | b) Construction |
| c) Information technology | d) The U.S. Department of Defense |

(v) The money collected from public by invitation to subscribe the project through the document called

- | | |
|----------------------------|------------------------------|
| a) Articles of association | b) Memorandum of association |
|----------------------------|------------------------------|

- (xiii) In India, merchant banker is not providing the services of
- a) Project Finance
 - b) Underwriting services
 - c) Leasing Services
 - d) Corporate advisory Services
- (xiv) Which is not the part of product lifecycle
- a) Introduction
 - b) Customer
 - c) Maturity
 - d) Decline
- (xv) Which is the area where the IRR is used for the decision of
- a) Balance sheet
 - b) Marketing policy
 - c) Liquidity
 - d) Capital Budgeting
- (xvi) Generally, the preparation of Projected Financial Statements start with the preparation of
- a) Projection of Fixed Assets
 - b) Projection of Capital,
 - c) Projection of Sales
 - d) Projection of Profit
- (xvii) CPM and PERT is considered the part of
- a) Project finance
 - b) Project marketing
 - c) Project net work
 - d) Project launching
- (xviii) Critical path method
- a) Helps in ascertaining time schedules
 - b) Makes better and detailed planning possible
 - c) Provides a standard method for communicating project plans schedules
 - d) all of these
- (xix) Bin card is used in
- a) Administrative wing
 - b) Workshop
 - c) Foundry shop
 - d) Stores

(xx) Forecasting is essential ingredient for

- a) Cost reduction
- b) Expenditure calculation
- c) Basis of planning.
- d) Essential of labour wages

(xxi) The particular task performance in CPM is known

- a) Activity
- b) Event
- c) operation
- d) Contract

(xxii) The critical path

- a) Is a path that operates from the starting to the end point
- b) Is a zigzag path.
- c) Is the longest path
- d) Is the shortest path

(xxiii) After implementation, the review of a projects is called

- a) capital budgeting
- b) context correlation
- c) blame spreading
- d) Post audit

(xxiv) The purpose of a quality audit is:

- a) Part of an ISO 9000 investigation
- b) To check if the customer is following its quality process
- c) To identify inefficient and ineffective policies
- d) To check the accuracy of costs submitted by the team

(xxv) Which is not the part of Inventory Control System

- a) ABC Inventory Control System
- b) Just-in-Time (JIT) Systems
- c) Production Inventory Control System
- d) Computerized Inventory Control System

(xxvi) Root Cause Analysis relates to:

- a) Process Analysis
- b) Quality Audits
- c) Quality Control Measurements
- d) Performance Measurements

(xxvii) A product which is manufactured by using the degree of the design specification

- a) Quality of conformance
- b) Quality Control
- c) Quality Assurance
- d) all of these

(xxviii) Six Sigma is the multi-dimensional approach, which of the following statements are correct

- a) It is used to eliminate the cause of defect and errors
- b) It is process improvement process that helps to improve the final quality of the product
- c) Both are incorrect
- d) Both are correct

(xxix) Inspection assures that

- a) The process is in control
- b) Workers are motivated
- c) Product meets specification
- d) Quality problems are solved

(xxx) In finance, "working capital" means the same thing as

- a) current assets
- b) total assets
- c) fixed assets
- d) current assets minus current liabilities.

(xxxii) Which one of the following will increase the operating cycle?

- a) increasing the inventory period
- b) decreasing the cash cycle
- c) decreasing the accounts payable period
- d) increasing the accounts payable period

(xxxiii) The difference between current assets and current liabilities is called

- a) Gross working capital
- b) Net working capital
- c) Total working capital
- d) Current working capital

(xxxiiii) What is not a form of dividend?

- a) Cash Dividends
- b) Bonus Shares (Stock Dividend)

current asset is half of the total asset. What is the value of long term source of fund?

- a) 10,000/-
- b) 5000/-
- c) 15000/-
- d) none of these

(xli) If the raw material is purchased in cash and inventory increase with 10,000/-. The value of total current asset will increase by

- a) 20,000/-
- b) 10,000/-
- c) No increase in C/A
- d) Decrease by 10,000/-

(xlii) Miller-Orr Model deals with

- a) Optimum Cash Balance
- b) Optimum Finished goods
- c) Optimum Receivables
- d) all of these.

(xliii) The term 'EVA' is used for

- a) Extra Value Analysis
- b) Economic Value Added
- c) Expected Value Analysis
- d) Engineering Value Analysis

(xliv) Inventory is generally valued as lower of

- a) Market Price and Replacement Cost
- b) Cost and Net Realizable Value
- c) Cost and Sales Value
- d) Sales Value and Profit

(xlv) Inventory Turnover measures the relationship of inventory with

- a) Average Sales,
- b) Cost of Goods Sold
- c) Total Purchases
- d) Total Assets

(xlvi) Risk-Return trade off implies

- a) Minimization of Risk
- b) Maximization of Risk
- c) Ignorance of Risk
- d) Optimization of Risk

(xlvii) Opportunity cost is

- a) Increase cost for losing opportunity to sell the product in the market
- b) Losing opportunity to earn
- c) Cost of retired employees
- d) Part of the SWOT analysis

(xlvi) Non-fund based lending is?

- a) Lending the cash, not fund
- b) Fund is landed when the liability arises due to non-fulfillment of commitment
- c) Fund is landed when the asset of company is sold
- d) none of these

(xlvii) In ABC inventory management system, class A items may require

- a) Higher Safety Stock
- b) Frequent Deliveries
- c) Periodic Inventory system
- d) Updating of inventory records

(i) 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 needs
- d) includes accounts payable

(ii) Baumol's Model of Cash Management attempts to:

- a) Minimize the holding cost
- b) Minimization of transaction cost
- c) Minimization of total cost
- d) Minimization of cash balance

(iii) Which is not considered as a primary security by a bank

- a) Pledge
- b) Hypothecation
- c) Guarantee
- d) Charging of asset

(iv) Cash credit is given by the bank except

- a) Purchasing of fixed asset
- b) Purchasing of raw material
- c) Payment of labour charges
- d) Payment of electricity bill of a factory

(liv) If the stock of raw material is 15, 00,000/- as on 31 /3 / 2020, and the raw material require for whole the year is 60, 00,000/-. What is the holding period of the raw material

- a) 4 months
- b) 3 months
- c) 1 Year
- d) none of these

(lv) In deciding the appropriate level of current assets for the firm, management is confronted with

- a) Trade-off between profitability and risk.
- b) Trade-off between liquidity and marketability.
- c) trade-off between equity and debt
- d) trade-off between short-term versus long-term borrowing

(lvi) 5Cs of the credit does not include

- a) Collateral
- b) Character,
- c) Conditions,
- d) none of these

(lvii) .What is the various methods of estimating cash

- a) Receipts and payment method
- b) Adjusted profit & loss method
- c) Balance sheet method
- d) all of these

(lviii) A-B-C analysis is based on

- a) Total annual consumption value
- b) Total purchase value
- c) Unit highest price
- d) Total inventory cost

(lix) 'Bird in hand' argument is given by

- a) Walker's Model
- b) Gordon's Model
- c) MM Mode
- d) Residuals Theory

(lx) Commercial paper are generally issued at a price

- a) Equal to face value
- b) More than face value
- c) Less than face value
- d) Equal to redemption value

(lxi) The type of collateral (security) used for short-term loan is

- a) Real estate,
- b) Plant & Machinery
- c) Stock of good
- d) Equity share capital

(lxii) Primary security for working capital finance from bank is

- a) Guarantee from Directors
- b) Hypothecation of asset finance by bank
- c) Mortgage of land
- d) Mortgage of fixed asset

(lxiii) Under which type of bank borrowing can a borrower obtain credit from a bank against its bills?

- a) Letter of Credit
- b) Purchase or discounting of bills
- c) Cash
- d) Working Capital Loan

(lxiv) If the sales of the firm are 60,00,000 and the average debtors are 15,00,000 then the receivables turnover is

- a) 4 times
- b) 25%
- c) 400%
- d) 0.25 time

(lxv) A change in credit policy has caused an increase in sales, an increase in discounts taken, a reduction of the investment in accounts receivable, and a reduction in the number of doubtful accounts. Based on this information, we know that

- a) Net profit has increased
- b) The average collection period has decreased
- c) Gross profit has declined
- d) The size of the discount offered has decreased

(lxvi) .When a company analyzes credit applicants and increases the quality of

the accounts rejected, the company is attempting to

- a) Maximize sales
- b) Increase the average collection period
- c) Increase the average collection period
- d) Maximize profits.

(lxvii) 80% of sales of 10, 00,000 of a firm are on credit. It has a Receivable Turnover of 8. What is the Average collection period (360 days a year) and Average Debtors of the firm?

- a) 45 days and 1,00,000
- b) 360 days and 1,00,000,
- c) 45 days and 8,00,000
- d) 360 days and 1,25,000

(lxviii) Certificate of deposit issues by

- a) Government of India
- b) State Government
- c) Bank
- d) LIC

(lxix) Term loans are given for

- a) Who follow the terms and condition of bank
- b) Against the term deposit of bank
- c) A fixed term for fixed asset
- d) For a fixed term of finance made by the director

(lxx) It is generally seen that a finance manager pays attention-----% of all the financial activities for working capital management

- a) 35 - 40%
- b) More than 80%
- c) 10%
- d) 100%