

Shri Bhausaheb Vartak Arts, Commerce and Science College, Borivali (West)

Program: - M.COM

Sem: - II

Course: - CORPORATE FINANCE

Sr. No	Question	A	B	C	D	Answer
1	The basic objective of financial management is _____.	maximizing profits	profit planning of the organization	maximization of shareholder's wealth	ensuring financial discipline in the wealth	maximization of shareholder's wealth
2	Finance is vital for which of the following business _____	purchase	Product planning	recruitment	Sales	Product planning
3	_____ is the concept of increasing the value of a business in order to increase the value of the shares held	Profit	Sales	Wealth	purchase	Wealth
4	_____ is a situation in which actual profits of a company are not sufficient to pay interest on debt and to pay	Under-capitalization	Over-capitalization	Over-valuation	Under-valuation	Under-capitalization
5	An _____ company is one which incurs exceptionally high profits as compared to industry	Under-capitalization	Over-capitalization	Over-valuation	Under-valuation	Under-capitalization
6	Shareholder's wealth in a firm is represented by _____ of firm's common stock	face value	market price	cost price	paid up value	market price
7	The hidden cost of capital which is not incurred directly is termed as _____.	implicit cost	explicit cost	fixed cost	variable cost	implicit cost
8	Which of the following is tax - deductible expenditure	Interest on debt	Preference	Equity Dividend	interim dividend	Interest on debt
9	Decision involving purchase of fixed assets are also termed as _____.	Capital structure decisions	capital budgeting	capital restructuring	capital mix decisions	capital budgeting
10	Present value of ₹.1 discounted for '0' years is _____.	zero	1	0.09	0.1	1
11	_____ is an example of traditional method of capital	Net present value	Internal rate of	Accounting rate of	Profitability index	Accounting rate of
12	Depreciation is added back to the profit generated from the project because depreciation is a _____ item.	cash	non-cash	sunk	variable	non-cash
13	_____ is the rate of return that a project generates.	NRR	IRR	NPV	PI	IRR
14	Capital rationing help in _____ shareholders wealth.	ncreasing	decreasing	. minimizing	maximizing	maximizing
15	In _____ the company makes sure to take up only projects with high anticipated return on investment.	capital rationing	capital budgeting	capital structure	capital mix decisions	capital rationing
16	_____ costs are irrelevant in determining the cash flows of a projects	implicit cost	explicit cost	Sunk	Fixed	Sunk
17	_____ assumes to reinvest only positive cash inflows at the firm's cost of capital.	MIRR	IRR	NPV	Discounted payback	MIRR
18	A _____ is a graphical depiction of a decision and every potential outcome of making that decision.	sensitivity analysis	break-even analysis	scenario analysis	decision tree analysis	decision tree analysis
19	MM theory helps to understand a company's _____	cost of capital	capital rationing	capital budgeting	capital structure	capital structure
20	EBIT is also known as _____.	non-operating profits	net profit	operating profits	gross profit	operating profits
21	Dividend declared between two Annual General Meetings is termed as _____.	stock dividend	cash dividend	interim dividend	liquidation dividend	interim dividend

22	_____ policy is what a company uses to decide how it will payout to the shareholders in the form of dividend.	capital	dividend	financing	purchase	dividend
23	The new pension scheme is regulated by _____.	SEBI	IRDA	PFRDA	AMFI	PFRDA
24	The assets of the mutual funds are held by _____.	AMC	Trustee	Custodian	Registrar	Custodian
25	Statement of account is to be sent to investors within _____ days of NFO closure.	3	5	7	15	5
26	Within _____ days of dividend declaration, warrants will have to be sent to investors.	7	10	15	30	30
27	The maximum initial commission that an AMC can pay to distributors is _____.	NIL	0.05%	1%	2%	NIL
28	The difference between NAV and re-purchase price is _____.	Entry load	Exit load	Expenses	Dividend stripping	Exit load
29	Which of the following is a truly international asset class.	Real estate	Equity	Debt	Gold	Gold
30	If a firm has no preference share capital, financial break even level is defined as equal to _____.	EBIT	Interest liability	Equity Dividend	tax liability	Interest liability
31	At indifference level of EBIT, different capital have same _____.	EBIT	EPS	PAT	PBT	EPS
32	which of the following is not a relevant factor in EPS analysis of capital structure?	rate of interest on debt	tax rate	amount of preference share	dividend paid last year	dividend paid last year
33	for a constant EBIT, if the debt level is further increased _____.	EPS will always	EPS may increase	EPS will never	EPS will reduce	EPS may increase
34	Between two capital plans, if expected EBIT is more than indifference level of EBIT, then _____.	both plans be rejected	both plans are good	one is better than other	both plans are not good	one is better than other
35	which of the following is true for net income approach _____.	higher equity is better	higher debt is better	debt equity ratio is irrelevant	lower equity is better	higher debt is better
36	In case of Net Income Approach, the cost of equity is _____.	constant	Increaseing	decreasing	reduced	constant
37	In case of net income approach, which one of the folling is constant _____.	cost ofequity	cost of debt	WACC and Kd	Ke and Kd	WACC and Kd
38	NOI approach advocates theat the degree of debt _____.	relavent	may be relavent	irrelevant	may be irrelevant	irrelevant
39	Judicious use of leverage is suggested by _____.	Net income approach	net operating income approach	traditional approach	MM approach	traditional approach
40	'That personal leverage and replace corporate leverage' is assumed by _____.	Net income approach	net operating income approach	traditional approach	MM approach	MM approach
41	Investors can get into long term investment commitments in _____.	distribution phase	transition phase	inter-generational phase	Accumulation phase	Accumulation phase
42	Standard current ratio _____.	2:1	1:1	65%	1.33	2:1
43	Standard Liquid ratio _____.	2:1	1:1	65%	1.33	1:1
44	Standard proprietary ratio _____.	2:1	1:1	65%	1.33	65%
45	Standard Debt service coverage ratio _____.	2:1	1:1	65%	1.33	1.33
46	Sandard Debt- equity ratio _____.	2:1	1:1	65%	1.33	2:1
47	management of all matters related to an organisation's finances is called _____.	cash inflows and outflows	allocation of resources	financial management	finance	financial management
48	which of the following is not an element of financial management _____.	allocation og resources	financial planning	financial decision making	corporate social responsibility	corporate social responsibility

