

5. Capital structure + Current liabilities =
- (A) Capital structure (B) Profit
(C) Loss (D) Financial structure
6. Financial Management is a part of
- (A) Business management (B) Financial management
(C) Management accounting (D) HRM
7. The financial management is responsible for the _____ function of the concern.
- (A) Finance (B) Marketing
(C) Accounting (D) Managerial
8. Which of the following is not a function of the Financial Controller?
- (A) Financial statements (B) Internal audit
(C) Social responsibility (D) Safety of records
9. Which method does not consider the time value of money?
- (A) Average rate return method (B) Average return method
(C) Pay-back method (D) Net Present Value
10. The broad objective of financial management is
- (A) Profit Maximisation (B) Maximisation of return
(C) Wealth Maximisation (D) Social capital Maximisation
11. Capital budgeting refers to the
- (A) Demand and supply of capital
(B) Managerial technique of planning capital expenditure of the company
(C) Overall cost of capital
(D) Raising of capital

12. The distribution of capital in favour of more acceptable proposals is known as
- (A) Capital rationing (B) Capital budgeting
(C) Cost of capital (D) Capital raising
13. What is the rate which equates the present value of expected future cash flows with the cost of investment?
- (A) External rate of return (B) Internal rate of return
(C) Return on investment (D) Average rate of return
14. Total assets turnover ratio measures the overall performance of the
- (A) Business enterprises (B) Employee
(C) Property (D) Debtors
15. The Ideal current ratio is
- (A) 5 (B) 4
(C) 3 (D) 2
16. Short-term investment is
- (A) Current Assets (B) Current Liabilities
(C) Fixed Assets (D) Fictitious Assets
17. Cash Flows include
- (A) Cash Receipts only
(B) Cash Payments only
(C) Cash Receipts and Payments
(D) Cash and non-cash incomes and expenses

18. ZBB refers to
- (A) Zero Budget Based information
 - (B) Zero Based Budgetary control
 - (C) Zero Baseless Budget
 - (D) Zero Based Budgeting
19. Sales Budget is
- (A) Budget of output to be sold
 - (B) Budget for selling expenses
 - (C) Budget for revenue and expenses
 - (D) A list of incentives to salesmen
20. Capital Budgeting decides investment in
- (A) Short term projects
 - (B) Long term projects
 - (C) Micro projects
 - (D) Production budgets
21. Operating leverage results from
- (A) Fixed costs
 - (B) Variable costs
 - (C) Operating expenses
 - (D) Operating profit
22. Trading on equity refers to
- (A) Using debt capital along with own capital
 - (B) Smaller borrowings and larger profits
 - (C) 100% dividend pay-out ratio
 - (D) Selling of equity shares
23. Which of these is not an essential element of optimum or ideal capital structure?
- (A) Simplicity
 - (B) Flexibility
 - (C) Minimum Risk
 - (D) Minimum control
24. The Net Income Approach was suggested by
- (A) Modigliani-Miller
 - (B) Durand
 - (C) Ezra Solomon
 - (D) Walter

25. The debt policy of a firm is significantly influenced by the
- (A) Cost concept (B) Cost of capital
(C) Cost consideration (D) Risk and control
26. Stock dividend ————— the number of equity shares.
- (A) Increase (B) Decrease
(C) Neutral (D) Even
27. A sound capital structure is defined as that
- (A) Minimises the cost of capital
(B) Maximises the worth of stocks
(C) Minimises the cost of capital and maximises the worth of stocks
(D) Maximises the cost of capital and minimises the worth of stocks
28. Cost of capital is the minimum required rate of return needed to justify the
- (A) Capital formation (B) Use of capital
(C) Repayment of capital (D) Capital gearing
29. The cost of capital is an important concept in formulating a firm's
- (A) Capital structure
(B) Capital expenditure
(C) Capital structure and capital expenditure
(D) Repayment of capital
30. The cost of capital to the firm is the
- (A) Minimum rate of earnings
(B) Maximum rate of earnings
(C) Average rate of earnings
(D) Market rate of earnings

31. Working Capital Management is concerned with the problems that arise in attempting to manage
- (A) Current assets and fixed liabilities
 - (B) Fixed assets and current liabilities
 - (C) Current assets, current liabilities and interrelationship between them
 - (D) Fixed assets and fixed liabilities
32. Operating cycle refers to
- (A) Acquisition of resources such as raw materials, labour, fuel etc
 - (B) The time duration to convert sales into cash
 - (C) Sale of product either for cash or credit
 - (D) Collection of debtors and making payment to creditors
33. Which of the factors do not influence the level of working capital?
- (A) Nature of business
 - (B) Operating capital
 - (C) Sales
 - (D) Profit
34. Working capital is the difference between current asset and
- (A) Current liabilities
 - (B) Fixed assets
 - (C) Tangible assets
 - (D) Goodwill
35. Which of the following is a concept of working capital?
- (A) Gross concept
 - (B) Net concept
 - (C) Full cost concept
 - (D) Both (A) and (B)
36. Net working capital = _____ - Current Liabilities
- (A) Current assets
 - (B) Fixed assets
 - (C) Stock
 - (D) B/R
37. Which is a long-term source of working capital?
- (A) Issue of shares
 - (B) Floating of debenture
 - (C) Loans
 - (D) Depreciation

38. Which source are not short-term sources of working capital?
- (A) Trade credit (B) Credit papers
(C) Loans (D) Bank credit
39. Net working capital represents the excess of current assets over
- (A) Contingent liabilities (B) Current liabilities
(C) Deferred liabilities (D) No liabilities
40. Gross working capital represents
- (A) Total current assets
(B) Total current liabilities
(C) The excess of current assets over current liabilities
(D) The excess of current liabilities over current assets
41. One of the following is a financial asset
- (A) Gold (B) Silver
(C) Share (D) Land
42. The money market instrument is
- (A) Treasury Bill (B) Bond
(C) Debenture (D) Equity Share
43. The market for new issue of securities is termed as
- (A) Bullion market (B) Secondary market
(C) Capital market (D) Primary market
44. The major player in Indian money market is
- (A) Co-operative Bonds (B) Indigenous Banks
(C) Commercial banks (D) Foreign banks

45. Find the odd man out
- (A) Commercial paper (B) Share Certificate
(C) Certificate of Deposit (D) Treasury Bills
46. Bonds sold at a large discount to their nominal value is deemed as
- (A) Deep discount (B) Security premium
(C) Share premium (D) Mortgage
47. A kind of consortium advance is called
- (A) Spot contract (B) Mutual Fund
(C) Merchant Banking (D) Loan syndication
48. Mutual funds are very popular in
- (A) UK (B) Japan
(C) USA (D) India
49. SEBI refers to
- (A) Securities and Exchange Board of India
(B) Securities and Export Board of India
(C) Securities and Extensive Board of India
(D) Stock and Exchange Board of India
50. IDR stands for
- (A) Institutional Depository Receipt
(B) Industrial Deposit Receipt
(C) Indian Dividend Receipt
(D) Indian Depository Receipt
-