TAMILNADU PUBLIC SERVICE COMMISSION

HALF YEARLY EXAMINATIONS AND LANGUAGE TESTS – OCTOBER - 2025

FINANCIAL MANAGEMENT

(FOR ASSISTANT / DEPUTY COLLECTORS)

(WITHOUT BOOKS)

Time : $1\frac{1}{2}$ Hours

Maximum Marks : 50

Answer ALL questions.

Each question carry equal mark.

(50 × 1 = 50)

1. Which of the following is not a function of a finance manager?
   (A) Deployment of funds
   (B) Mobilization of funds
   (C) Control over use of funds
   (D) Manipulate share price of a company

2. Leasing of machinery comes under
   (A) Financing decision
   (B) Acquisition decision
   (C) Investment decision
   (D) Capital budget decision

3. Shareholders wealth in a firm is represented by
   (A) Size of salary to employees
   (B) The number of people employed in a firm
   (C) Market price per share of common stock
   (D) Book value of Assets less book value of liabilities

[Turn over

4. A fixed cash flow in each year for a specified number of years is called as

(A) Annuity
(B) Recovery factor
(C) Discounting
(D) Compounding

5. The future value of a deposit of Rs.1000 at 10% for 3 years made now

(A) Rs.1100
(B) Rs.1200
(C) Rs.1300
(D) Rs.1331

6. Trading on equity refers to a situation where return on equity is more than

(A) Interest
(B) Profitability
(C) Liquidity
(D) Turnover

7. Amount required to meet the day to day needs of the business is called

(A) Fixed Capital
(B) Fixed Asset
(C) Working Capital
(D) Core current asset

8. Where a company has more capital than what it can profitably use, then the situation arises is technically called

(A) Optimum capitalisation
(B) Over Capitalisation
(C) Under Capitalisation
(D) Market Capitalisation

9. ____________ is required to acquire those assets used for over a long period.

(A) Fixed Capital
(B) Working Capital
(C) Uncalled Capital
(D) Secured Capital

10. Which one of the following is an external source of finance?

(A) Retained earnings
(B) Equity Shares
(C) Preference shares
(D) Debentures

11. Net capital employed is equal to

(A) Total Assets minus total liabilities

(B) Current Asset less Current liabilities

(C) Total assets minus long term liabilities

(D) Total Assets

12. Debt-Equity ratio is

(A) Profitability ratio

(B) Turn over ratio

(C) Short term solvency ratio

(D) Long term solvency ratio

13. State which one is not a current asset?

(A) Goodwill

(B) Debtors

(C) Stock

(D) Prepaid Rent

14. If the gross profit is Rs .50,000 and the expense not resulting in the application of funds is Rs. 10,000, then the funds from operations will be

(A) Rs. 60,000

(B) Rs. 50,000

(C) Rs. 40,000

(D) Rs. 30,000

15. If the net operating profit of a business is Rs. 1,80,000 and the debtors have decreased during the year by Rs. 60,000, cash from operations equal to

(A) Rs. 1,20,000

(B) Rs. 2,40,000

(C) Rs. 1,80,000

(D) Rs. 2,20,000

16. Sales budget is a

(A) Functional Budget

(B) Expenditure Budget

(C) Master Budget

(D) Flexible Budget

17. ____________ is defined as the length of time required to recover the initial cash outlay.

(A) Pay back period

(B) Original period

(C) Forecasted period

(D) Investment period

18. Depreciation is included in the costs in case of

(A) Pay back period
(B) NPV method
(C) Accounting rate of return method
(D) IRR method

19. Cash from operations is equal to

(A) Net profit after tax
(B) Net profit plus increase in current asset
(C) Net profit plus decrease in current liabilities
(D) Net profit plus non-cash expenses plus decrease in current asset

20. Which one of the following is not an inflow of cash?

(A) Sale of Fixed Asset
(B) Issue of debentures for cash
(C) Issue of shares for cash
(D) Acquisition of assets

21. Marginal cost of capital represents the cost of

(A) Additional Sales
(B) Additional Interest
(C) Additional Dividend
(D) Additional Funds

22. Opportunity cost refers to

(A) Explicit cost
(B) Implicit Cost
(C) Specific Cost
(D) Historical cost

23. A firm will have favourable leverage if its ____________ are more than the cost of debt.

(A) Debt
(B) Interest
(C) Equity
(D) Earnings

24. Degree of financial leverage is a measure of relationship between

(A) EPS and EBIT
(B) EBIT and quantity produced
(C) EPS and quantity produced
(D) EPS and sales

25. Dividends are paid out of

(A) Accumulated Profit

(B) Gross Profit

(C) Profit after tax

(D) General reserve

26. Under which dividend policy company pays a fixed percentage of dividend on earnings of the company

(A) Conservative dividend policy

(B) Constant dividend policy

(C) Erratic dividend policy

(D) Extra dividend policy

27. The term cost of capital signifies

(A) Dividend paid on shares

(B) Interest paid on bonds

(C) Minimum rate of return expected by investors

(D) Interest paid on term loan

28. Cost incurred in the past signifies

(A) Historical cost
(B) Future cost

(C) Explicit Cost
(D) Implicit Cost

29. Retained earnings are

(A) An indication of company's liquidity

(B) The same as cash in the bank

(C) Not important when determining dividends

(D) The cumulative earnings of the company after dividends

30. Which of the following is the formula for financial leverage?

(A) EBT/EBIT
(B) EBIT/Contribution

(C) EBIT/EBT
(D) Contribution/EBIT

31. Gross working capital denotes
   (A) Current Assets minus current liabilities
   (B) Total of fixed assets
   (C) Current assets plus Current Liabilities
   (D) Total of all current assets

32. EOQ represents
   (A) Cost of an order
   (B) Optimum stock level
   (C) Re-order level
   (D) Danger Level

33. Time gap between the date of order placement and receipt of order at facility is called
   (A) Short time
   (B) Lead time
   (C) Optimum time
   (D) Over time

34. Holding inventory to meet contingencies represents
   (A) Transaction Motive
   (B) Precautionary Motive
   (C) Speculative Motive
   (D) Profit Motive

35. The term account receivables mean
   (A) Creditors
   (B) Debtors
   (C) Investors
   (D) Vendors

36. Sale of accounts receivables to an agency is called
   (A) Factoring
   (B) Pledging
   (C) Hypothecation
   (D) Securitisation

37. Excess working capital results in
   (A) Block of cash
   (B) Lack of production
   (C) Losing of interest
   (D) Lack of smooth flow of production

38. Receivables management deals with
   (A) Receipt of raw materials
   (B) Creditors management
   (C) Debtors collection
   (D) Inventory Management

39. ABC analysis is used in

(A) Corporate Governance
(B) Accounting Policies
(C) Receivables Management
(D) Inventory Management

40. The amount of current assets that varies with seasonal requirements is termed as ____________ working capital.

(A) Gross
(B) Permanent
(C) Net
(D) Temporary

41. The financial market for securities with maturities of less than one year is known as

(A) Derivatives Market
(B) Cash Market
(C) Money Market
(D) Rupee Market

42. The holders of which instrument are members of the company and have voting rights

(A) Treasury bill
(B) Commercial Paper
(C) Debenture
(D) Equity

43. The regulatory body for the securities market in India is

(A) Stock exchanges
(B) IRDA
(C) RBI
(D) SEBI

44. The capital market in India is controlled by

(A) RBI
(B) NABARD
(C) SEBI
(D) IRDA

45. When securities are allotted to institutional investors and some selected individuals is referred to as

(A) Initial Public Offer
(B) Offer through prospectus
(C) Private Placement
(D) Offer for sale

46. __________ is the process by which physical certificates of an investor are converted to an equivalent number of securities in electronic form.

(A) Materialisation
(B) Rematerialisation
(C) Conversion
(D) Dematerialistions

47. A person who sells the shares with the expectation of buying them in future at a reduced price.

(A) Bull
(B) Bear
(C) Stag
(D) Lame Duck

48. Bulls and bears are __________

(A) Ordinary investors
(B) Government agencies
(C) Speculators
(D) Money lenders

49. A depository is __________

(A) An electronic transfer through dematerialisation
(B) A fixed deposit in a bank
(C) A transfer of physical securities
(D) Surveillance on price manipulation

50. Issue of shares to the existing shareholders out of the free reserves of the company is called __________

(A) Bonus issue
(B) Right issue
(C) ESOP
(D) SWEAT equity