

Q.1 _____ Companies provide by buying trade debts at a discount.	
a.	Expansion
b.	Factoring
c.	Matured
d.	Start- up
Q.2 _____ is one of the Feature of Venture Capital	
a.	IPO Management
b.	Merger & Acquisition of Companies
c.	Equity Participation
d.	Framing Corporate Policy
Q.3 _____ has three sub divisions seed financing, start up financing and first stage financing	
a.	Middle Stage Financing
b.	Last Stage Financing
c.	Early stage financing
d.	Third stage financing
Q.4 _____ is the type of VCF	
a.	Fifth Stage Financing
b.	Clearing Agent
c.	Acquisition Financing
d.	Saturation Financing
Q.5 _____ is one of the essential areas to cover in our business plan	
a.	Employees Salary
b.	Education Analysis
c.	Market Analysis
d.	Unemployment
Q.6 _____ is a road towards a high growth economy.	
a.	Merchant banking
b.	Leasing
c.	Venture Capital
d.	Loan Syndication
Q.7 The Limited partners refers to _____	
a.	Private Equity Firm
b.	Private Equity Investment
c.	Private Equity Partner
d.	Private Equity Retailer

Q.8 _____ are equity shares with special rights.	
a.	Ordinary Shares
b.	Preferred Ordinary shares
c.	Debentures
d.	Bonds
Q.9 _____ is the act or process of assessing value or price of financial asset or liability.	
a.	Project Valuation
b.	Investor Valuation
c.	Business Valuation
d.	Raw Material Valuation
Q.10 _____ valuation methodologies is appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings.	
a.	Earning Multiple
b.	Price of Recent Investment Methodology
c.	Net Assets
d.	Discounted Cash Flows
Q.11 _____ is risk of default in payment of interest or principal on a specified date.	
a.	Capital Risk
b.	Liquidity Risk
c.	Credit Risk
d.	Legal Risk
Q.12 _____ is one of the valuations for Start-Ups	
a.	Decision Tree Analysis
b.	Merger & Acquisition
c.	Working Capital Method
d.	Unsecured Capital Method
Q.13 In this _____ changing growth rates are applied to different time periods.	
a.	Zero Growth Dividend Model.
b.	Price earnings valuation Method Model.
c.	Multiple Growth Model
d.	The Gordon Growth Model
Q.14 _____ is one of the Reward earned by PE Fund Managers	
a.	Management Fee
b.	Income Fee
c.	Government Fee
d.	Public fee

Q.15 _____ is one of the type of strategies of Private Equity	
a.	Income Debt
b.	Loan Debt
c.	Distressed Debt
d.	Management debt
Q.16 LBO stands for _____	
a.	Loan Buy out
b.	Leverage Buy Out
c.	Limited Buy Out
d.	Local Buy Out
Q.17 _____ is a reality test – if what seems to be attractive on paper, is attractive in reality.	
a.	Project Guidance
b.	Due Diligence
c.	Valuation
d.	Expansion Strategy
Q.18 The _____ Capital provides focuses on Investing in Mature Companies	
a.	Leverage
b.	Growth
c.	Mezzanine
d.	Distressed
Q.19 _____ is one of the checklist for start-up companies	
a.	Government Information
b.	Supplier Information
c.	Customer Information
d.	Promoter Information
Q.20 Many _____ are blind pools , meaning that exposure to particular underlying funds is not guaranteed.	
a.	Leverage Funds
b.	Investors Funds
c.	Fund of Funds
d.	Promoters Funds
Q.21 Transaction closing is one of the _____	
a.	PE Exit process
b.	PE Valuation methodologies
c.	Management Buyout
d.	Checklist of Due diligence

Q.22 _____ is one of the Exit Routes for Private Equity and Venture Capital	
a.	Investors Valuation
b.	Leverage Recapitalisation
c.	Government Policies
d.	Public opinion
Q.23 _____ to the third parties have been the most popular mode of exit in the recent past.	
a.	Primary Sales
b.	Secondary Sales
c.	Territory Sales
d.	Retail Sales.
Q.24 _____ through IPO is costly	
a.	Valuation Methodology
b.	Exit Process
c.	Entry Process
d.	Devaluation Methodology
Q.25 _____ is a scheme wherein the companies issue shares to their existing shareholders	
a.	IPO
b.	Buy Back
c.	Right Issue
d.	Leverage Buy-Out

Q.26. Match the correct Pairs	
a)	Period of 3 to 7 years
b)	Non Public Ownership
c)	Initial meeting
d)	Bridge Financing
i)	Preliminary screening
ii)	Third Stage financing
iii)	Private Equity
iv)	Venture Capital
a.	a- iii , b-iv , c-ii, d- i
b.	a- iv , b-i , c-ii, d- iii
c.	a- iv , b-iii , c-i, d- ii
d.	a- iii , b-ii , c-ii, d- iv
Q.27 Start-up Financing refers to_____	
a.	Finance for launch phase whereby production is commenced and sales happens
b.	Funds obtained at this stage will be dedicated towards manufacturing and production facilities
c.	Funds provided to companies for the purpose of beginning their expansion
d.	Funds provided basically for purpose of assisting a particular company

Q.28 _1) Venture Capital characterises Active Participation in Management 2) Venture Capital also characterises Long term Investment	
a.	First Statement is Right Second is Wrong
b.	First Statement is Wrong Second is right
c.	Both the Statements are Right
d.	Both the Statements are Wrong
Q.29 Equity Financing means _____	
a.	means of equity financing for rapidly growing private companies
b.	means of Debt financing for rapidly growing private companies
c.	means of equity financing for slow growing private companies
d.	means of equity financing for Sick private companies
Q.30 Unified Investment Fund Structure refers to	
a.	A structure generally used whereby domestic investors are expected to participate in fund
b.	A structure generally used whereby foreign investors are expected to participate in fund
c.	A structure generally used whereby domestic and Foreign investors are expected to participate in fund
d.	A structure generally used whereby only local investors are expected to participate in fund
Q.31 Venture Capital Financing is defined as _____	
a.	Provision service on negotiating acquisitions and mergers by offering expert valuation
b.	Where company sell it shares to an agent or a merchant bankers .
c.	Investment in different kinds of securities such as shares , debentures of different companies
d.	Where generally the first capital invested by sources outside the firm, and the last to exit
Q.32. 1) Fund Manager of Private Equity Negotiate structure and make investment 2) Fund Manager Participate in Public Meetings	
a.	First Statement is Right Second is Wrong
b.	First Statement is Wrong Second is right
c.	Both the Statements are Right
d.	Both the Statements are Wrong

Q.33 Counterparty Risk refers to _____	
a.	Risk for the Investor is defined as the probability of losing capital with a private equity portfolio over its entire lifetime.
b.	Risk that an investor is not able to pay their capital commitments to a private equity fund in accordance with the terms of their obligation to do so.
c.	Risk that the organization may be exposed to financial loss either through human error, mis -judgement, negligence and misunderstanding.

d.	Risk of doing a transaction which is not as per the prevailing rules and laws of the country.
Q.34 _____ makes the Private Equity Market Vibrant	
a.	Promoters
b.	Intermediaries
c.	Employees
d.	Public
Q.35 Earning Multiple method in valuation for Private Equity refers to _____	
a.	This Method provides a highly effective structure within which you can lay out options and investigate the possible outcomes of choosing those options.
b.	This method involves application of an earning multiple to the earning of business being valued in order to derive a value for business.
c.	This Method in market comparable approaches to valuation market values for one or more selected comparable are applied to a project of interest.
d.	This Method is the most practical and appropriate method to value the company in the initial stage.

Q.36 . _____ is one of the criteria for PE Investment	
a.	Company's Management
b.	Public Management
c.	Government Management
d.	Sales Management
Q.37 _____ is one of the Model for Valuation for growth Capital	
a.	The Jordon Growth Model
b.	The Gordon Growth Model
c.	The Sweden Growth Model
d.	The Mardon Growth Model
Q.38 Revenue Multiplier Method refers to _____	
a.	Depending on the stage of development of an enterprise , its industry and its geographic location and market participants.
b.	Depending on the stage of development of an employee, its work and its where he resides and market participants.
c.	Depending on the stage of development of an government policy , its industry policy and promoter participants.
d.	Depending on the stage of development of an education , higher studies and its geographic location and market participants.
Q.39 LBO refers to _____	

a.	When mainly financed by Public makes to the promoters
b.	When its mainly financed by bank loan to obtain he domination of a mature company
c.	When an unlisted company financed by Government a fresh issue of securities
d.	When a listed company makes wither a fresh issue of securities for the first time to public

Q 40 Launch Process in PE exit process refers to_____	
a.	At this stage of Private Equity financing PE investors exit to realise the investment so as to make profit minimize loses.
b.	At this stage PE exit financing they decide about disinvestment
c.	Evaluation of the business plan, the likely exit route and expected investment returns
d.	Most PE players exit their investments when they achieved predetermined goals.

ORGANISATIONAL BEHAVIOUR

BFM – Sem VI

1) power is derived from the interpersonal relationships that a person develops with other people in the organization

Legitimate
Expert
Referent
Information

2) is defined what a person can do now and what he can do in the future.

Attitude
Ability
Aptitude
Intelligence

3) Type person are unable to relax.

B
A
C
D

4) is the tendency for people to see their own traits in other people.

Contrast effect
Reflection
Projection
Halo Effect

5)..... theory is based on the idea that learning takes place by observing others.

Observational learning
Operant conditioning
Classical conditioning
Classical Learning

6) Storming, Norming and Performing are types of _____

Group behaviours
Types of groups
Stages of group development
Properties of a group

7) of a person are people of a similar age and interests with whom he associates.

Peers

Classmates
Teachers
Neighbours

8) Individuals who have external locus of control believe in chance and fate.

External
Zero
Infinite
Internal

9)..... Refers to an individual's intention to behave in a certain way toward the object.

Cognitive
Affective
Behavioural
Emotional

10) skill is the ability to apply specialised knowledge and expertise.

Conceptual
Technical
Human
Managerial

11) means judging someone on the basis of an individual's perception of the group to which he belongs to.

Prejudice
Selective perception
Attribution
Stereotyping

12) Group..... refers to the pattern of inter-relationship between the individuals constituting a group.

structure
norm
role
status

13) are set of behaviours that individuals occupying specific positions within a group are expected to perform.

Roles
Norms
Process
Structure

14) teams are made up of employees from about the same hierarchical level, but from different areas, who join together for achieving a task

Work
Cross functional
Management
Virtual

15) power arises from the ability of a person to influence the allocation of incentives in an organization.

Coercive
Legitimate
Reward
Referent

16) State whether the following statements are FALSE

- a) We tend to be more attentive to novel stimuli
- b) Unsatisfied needs or motives stimulate individual and exert a strong influence on perception
- c) Perception help us define reality

Only a
Only b
Only a & b
Only b & c

17) Match the following

a. Type A personality	i. Hate failure and will work hard to avoid
b. Type B personality	ii. Loyalty to career
c. Xers	iii. Electronically connected
d. Millennials	iv. Relaxed

A ii, b iii, c i, d iv
A iii, b ii, c iv, d i
a i, b iv, c ii, d iii
a iv, b i, c iii, d ii

18) Click the factors that are controlled by the management.

- a) Security
- b) Skill
- c) Nature of the Job
- d) Fringe benefits
- e) Working conditions
- f) Co-workers

Only a, b, c, d,e

- Only a, d,e,f
- Only b, d,e,f
- Only b, d, e, f

19) Which theory is refinement of Abraham Maslow's hierarchy of needs.

- Theory X Theory Y
- Fredrick Herzberg two factor model
- Clayton's Alderfer's Erg theory
- Mc Clelland's theory

20) _____ creates a win-lose situation

- Distributive bargaining
- Integrative bargaining
- Avoiding intention
- Distributive & integrative

21) Sharing of information is _____ in distributive bargaining

- Low
- High
- Moderate
- Very high

22) Which of the following statements are FALSE

- a. Conflicts occur due to difference in values
- b. All conflict is bad
- c. Compromising is the best way of solving conflict

- Only a
- Only b & c
- Only a & c
- Only C

23) Agreed upon and often informal rules that guide group is known as _____. How the group should work and get the a job done is known as _____

- Role, Performance norm
- Norm, Performance norm
- Role, Appearance norm
- Norm, Social arrangement norm

24) _____ has designed a guidelines as to how to design work teams effectively.

- J.R Jackman
- H.R Hackman
- J. R Hackman
- H.R Samson

25) How many stages are there in JR Hackman's for designing & building high performance team.

2

3

4

5

TYBFM – Sem 6 - Risk Management

- 1 _____ is defined as volatility of actual returns from an investment with respect to expected returns.
 - a. Risk
 - b. Return
 - c. Mode
 - d. Constant

- 2 _____ is defined as method of determining risks that could possibly prevent the program, enterprise, or investment from achieving its objectives.
 - a. Risk Monitoring
 - b. Risk Averse
 - c. Risk Identification
 - d. Risk Mitigation

- 3 _____ risk includes failure of people, system or processes of an organisation.
 - a. Operational
 - b. Market Risk
 - c. Equity Risk
 - d. Political Risk

- 4 _____ is the first step in the process of Risk Management
 - a. Evaluate or Rank the Risk
 - b. Analyse the Risk
 - c. Identify the Risk
 - d. Monitor the Risk

- 5 _____ is the fifth step in the process of Risk Management
 - a. Identify the Risk
 - b. Treat the Risk
 - c. Monitor and Review the Risk
 - d. Evaluate the Risk

- 6 A company's _____ risk is associated with the company's use of financial leverage and debt financing.
 - a. Financial
 - b. Political
 - c. Commodity
 - d. Equity

- 7 _____ risk is the risk businesses suffer by extending credit to customer.
 - a. Equity
 - b. Commodity
 - c. Credit
 - d. Market

- 8 _____ is one of the most widely used techniques to determine the creditworthiness of borrower.
 - a. Credit Rating
 - b. Q&A
 - c. Guesswork
 - d. Interview

- 9 _____ is a party that has an interest in a company, and can either affect or be affected by the business.
 - a. Stakeholder
 - b. Friend
 - c. Unknown
 - d. SEBI

- 10 _____ is the square root of variance of rate of return
 - a. Mode
 - b. Mean
 - c. Standard Deviation
 - d. Median

- 11 _____ explains relation between systematic risk of a portfolio or security and market risk.
 - a. Beta
 - b. Lambda
 - c. Gamma
 - d. Rho

- 12 _____ is defined as study of change in returns from financial asset due to change in one or more input variable.
- a. Bar Graph
 - b. Expected Value
 - c. Sensitivity Analysis
 - d. Final Value
- 13 _____ is defined as actual or potential threat of negative effects on living organisms and environment by wastes, emissions, wastes etc coming out of an organisation's activities.
- a. Environmental Risk
 - b. Equity Risk
 - c. Technology Risk
 - d. Political Risk
- 14 _____ is the risk arising from fluctuations in commodity prices.
- a. Equity
 - b. Market
 - c. Commodity
 - d. Technology
- 15 _____ risk is the risk due to possible changes in spreads.
- a. Basis
 - b. Standard
 - c. Technology
 - d. Common
- 16 _____ is the risk that arises from volatility of interest rates in economy.
- a. Equity Risk
 - b. Commodity Risk
 - c. Interest Rate risk
 - d. Common Risk
- 17 Market risk is most commonly known as _____ risk
- a. Systematic
 - b. Unsystematic
 - c. Standard
 - d. Common
- 18 REIT Stands for _____
- a. Real Equity Investment Trust
 - b.
 - c. Real Estate Investment Trust
 - d.
- 19 _____ REIT is combination of Equity & Mortgage REIT
- a. Hybrid
 - b. Dual
 - c. Shares
 - d. Solo
- 20 _____ account convertibility suggests that the Indian rupee can be converted to any foreign currency at existing market rates for trade purposes for any amount.
- a. Current
 - b. Consecutive
 - c. Capital
 - d. Cumulative
- 21 Derivatives are instruments related to settlement of obligations at a _____.
- a. Present Date
 - b. Uncertain Date
 - c. Immediate Date
 - d. Future Date
- 22 A drawback of forward contracts is that they are subject to _____ risk.
- a. Commodity
 - b. Interest Rate
 - c. Default
 - d. Commercial

23. Trading in derivatives provide following two important functions _____.
- | | |
|--|--|
| a. Value and Wealth Discovery | b. Price & Wealth Discovery |
| c. Price Discovery and Price Risk Management | d. Wealth Assessment and Price Discovery |
24. Hedging is a tool for _____ risk
- | | |
|-------------|----------------|
| a. Managing | b. Taking |
| c. Ignoring | d. Eliminating |
25. An option when exercised results in positive cash flow to the holder of the option then the moneyness of the option is said to be _____
- | | |
|--------|--------|
| a. ATM | b. ITM |
| c. OTM | d. MTM |
26. A firm which have to make payments in foreign currency should take _____ position in derivatives.
- | | |
|----------|-------------|
| a. Short | b. Constant |
| c. Minor | d. Long |
27. _____ involves buying future contracts to hedge against increase in value in value of asset
- | | |
|----------------|-----------------|
| a. Devaluation | b. Long Hedging |
| c. Evaluation | d. Crossing |
28. _____ strategy requires creating an opposite exposure in the currency in which the firm have original exposure
- | | |
|-------------------------|------------------------|
| a. Exposure Cutting | b. Exposure Definition |
| c. Exposure Forecasting | d. Exposure Netting |
29. Which of the following is type of Forex Risk
- | | |
|-------------------------|-------------------------|
| a. Transaction Exposure | b. Translation Exposure |
| c. Operating Exposure | d. All of the Above |
30. _____ is defined as second order derivative of change in price to change in interest rates.
- | | |
|--------------|------------|
| a. Linear | b. Ellipse |
| c. Convexity | d. Concave |
31. _____ duration is the weighted average term to maturity of the cash flows from a bond.
- | | |
|-------------|--------------|
| a. Macaulay | b. Mc Quincy |
| c. Metaphor | d. Machine |
32. _____ is agreement where two or more parties agree to exchange interest obligation or income over a period of time which is specified in swap agreement.
- | | |
|------------------------|---------------|
| a. Foreign Swap | b. Cash Swap |
| c. Interest Rate Swaps | d. Money Swap |
33. A _____ Swaption gives its holder right to enter into a swap as fixed rate payer
- | | |
|--------|---------|
| a. Put | b. Call |
|--------|---------|

Mutual Fund Management
TYBFM – Semester VI , April. 2021
Sample Questions

SWP stands for _____

- Systematic Whining Pain
- Systematic Whining Plan
- Systematic Withdrawal Plan
- Systematic Withdrawal Pain

Money Markets refers to that part of the debt market where the maturity is

- Less than 1 year
- Less than 1 month
- Less than 6 month
- More than 1 year

Advantages of investing in mutual funds include all of the following except

- Diversification of your investment
- Professional management
- Meeting specific investment goals
- There is virtually no risk of loss

The _____ is the market value of the securities that a mutual fund has purchased minus any liabilities.

- Book value
- Net asset value
- Gross asset value
- Net worth value

Which of the following is not a true statement about mutual fund?

- All requires a minimum investment
- All have a same investment goal
- The calculation of net asset value is the same.
- All have a management expense ratio

Which of the following expenses is usually the highest for a mutual fund?

- Management fees
- Administrative fees
- 12b-1 fees
- Referral fees

A mutual fund that does not charge investors a fee and sells direct to investors is an _____ mutual fund.

- No load
- Full load
- Partial load
- Semi load

An _____ is a document that provides financial information about a mutual fund, including expenses and past performance.

Annual report

Prospectus

Financial statement

Balance sheet

Which of the following is not included in the prospectus?

- Redemption fee
- Expenses including management fees
- Expenses including advertising and marketing fees
- Advice on when to buy and sell

Which of the following is not the right classification of funds?

Pension and Insurance funds

Open ended and close ended funds

Load and No load funds

Tax free and Tax exempt funds

Which one of these was the first private mutual fund company in India?

- a)Kothari Pioneer
- b)Krishna finance
- c)Reddy finance
- d)Shivaji Bikaji Zaware charter

which of these is not an aggressive investment

- a)exchange-traded funds
- b)index fund
- c)value fund
- d)growth fund

Security using does not pay regular interest but accumulate the interest and pay it along with the principal when securities mature

- a)International Bond
- b)monthly income
- c)arbitrage funds
- d)zero-coupon

Illiquid securities should not exceed..... of the net assets.

- 14%
- 13%
- 10%
- 15%

..... is the key dimension of the performance measurement and a decisive factor in determining a fund manager's skill.

- Return
- Risk
- Duration

The possibility that interest rates may rise is an example of

- Political risk
- Exchange rate risk
- Interest rate risk
- Liquidity risk

The Sponsor has to contribute at least _____ of the net worth of the Asset Management Company. (AMC)

- 25%
- 40%
- 50%
- 60%

_____ contains all statutory information on Mutual Funds.

- Know Your Client (KYC) document
- b.** Statement of Additional Information (SAI)
- c. Scheme Information Document (SID)
- d.** Key Information Memorandum (KIM)

Sharpe Ratio gives _____

- A measure of risk adjusted performance of a portfolio
- A mark up for risk adjusted performance of a portfolio
- A guide for risk adjusted performance of a portfolio
- Minimum return the fund managers must pay to investor

.If the Net Asset of the scheme is 5000 and there are 100 outstanding units, the NAV would be _____ (NAV = Net Asset / Units).

- a. 50
- b. 500
- c. 5000
- d. 100

_____ is mainly used in the proven of valuation of various securities such as stocks, debentures etc.

- a. Investment Value
- b. Book Value
- c. Fair Value
- d. Intrinsic Value

Money invested in mutual fund by an investor is recorded as

- a. Unit Capital
- b. Mutual Fund Capital
- c. NAV
- d. Capital

Opening outstanding - 10,500, Units subscribed - 3000 units, Units redeemed - 1000 units, Dividend -500. What is the closing units?

- 11500
- 12000
- 12500
- 9500

Opening value - Rs. 506250, closing units -41,500, Net proceed & market Appreciation- 28500, Expenses -Rs. 700 What is NAV?

- Rs. 12
- Rs. 12.86
- Rs. 11.56
- Rs. 12.50

Opening NAV as on 2017 - Rs. 30, Closing NAV as on 2019 - 55, Dividend -05.

What is Annualised Return?

- 100 %
- 50%
- 75%
- 200%

Opening NAV as on 2017 - Rs. 30, Closing NAV as on 2019 - 55, Dividend -05.

What is HPR?

- 100 %
- 50%
- 75%
- 200%

_____ funds invest in indices like SENSEX and NIFTY

Tax Saving Funds

Special Funds

Index Funds

Sector Specific Funds

Which of the following is the formula for Treynor's Index?

$$\text{Measure} = (R - R_f) / \sigma$$

$$\text{Measure} = (R - R_f) / \beta$$

$$\text{Measure} = (R - R_f) + \beta$$

$$\text{Measure} = (R - R_f) / \beta + R_f$$

ULIP is covered with -----?

Statement A: Risk and Return

Statement B: Benefit of Insurance and Mutual Fund

- Only statement A is true
- Only statement B is true
- Statement A is true but B is not true

- statement A and B are true

Match the following

	A		B
a	Fund of Fund	1	Sponsor
b	Liquidity Fund	2	Equity & Debt
c	Trustee	3	Gilt Edged Securities
		4	SEBI

- a-2, b-3, c-4
- a-2, b-3, c-1
- a-3, b-1, c-4
- a-1, b-3, c-2

Strategic Corporate Finance

Sample Questions

1. Strategic financial management focuses on _____
 - a. Wealth Creation
 - b. Capital Appreciation
 - c. Both Wealth Creation & Capital Appreciation
 - d. Goodwill Creation

2. EPS depends on net profit available to _____ shareholders.
 - a. Equity
 - b. Preference
 - c. Hybrid
 - d. Promoter

3. Which one of the following terms is defined as a conflict of interest between the corporate shareholders and the corporate managers?
 - a. articles of incorporation
 - b. corporate breakdown
 - c. Agency problems
 - d. Bylaws

4. Process of carrying out a plan in a skillful way is _____
 - a. Management
 - b. Strategy
 - c. Skill
 - d. Talent

5. Financial goals are _____
 - a. Quantitative
 - b. Qualitative
 - c. Subjective
 - d. Objective

6. Capital Budgeting Decisions are based on _____
 - a. Incremental Profit
 - b. Incremental Cash Flows
 - c. Incremental Assets
 - d. Incremental Capital

7. Design Modification is _____

- a. Initial cost
- b. Operating cost
- c. Disposal cost
- d. Functional Cost

8. 13.The project can be selected if its profitability index is more than _____

- a. 1%.
- b. 3%.
- c. 5%.
- d. 10%.

9. P/E Ratio refers to _____

- a. Price eligibility ratio
- b. Price Equity Ratio
- c. Price Earnings Ratio
- d. Price Equality Ratio

10. _____is an approach to determine a product's life-cycle cost.

- a. Standard Costing
- b. Historical Costing
- c. Marginal Costing
- d. Target costing

11. 16.Private equity funds provide finance for _____

- a. 3 to 8 years
- b. 10 to 15 years
- c. 15 to 20 years
- d. 20 to 25 years

12. The CAPM considers risk using the_____

- a. α factor
- b. β factor
- c. μ factor
- d. η factor

13. Competitors Analysis is _____analysis

- a. Internal
- b. External
- c. Self
- d. Historical

14. _____ is one that maximizes value of business, minimizes overall cost of capital, that is flexible, simple and futuristic, that ensures adequate control on affairs of business by the owners and so on.

- a. Minimal capital structure.
- b. Moderate capital structure.
- c. Optimal capital structure.
- d. Deficit capital structure.

15. Which of the following is referred to as “a going private transaction” initiated by incumbent management?

- a. Management Buyout
- b. Leveraged Cash out
- c. Management Buy-in
- d. Leveraged Recapitalisation

16. Strategic planning is not the process of _____

- a. Deciding on levels of pay
- b. Deciding on policies regarding resources
- c. Deciding on organizational objectives
- d. Deciding on resources required to meet objectives

17. Break-even indicates _____

- a. Revenues are more than cost
- b. Revenues and cost are equal
- c. Costs are more than revenue
- d. Revenues are less than cost

18. PPP model stands for _____

- a. Private people partnership
- b. Public Private Partnership
- c. Public People Partnership
- d. Public Partnership Policy

19. A capital investment is one that _____

- a. Has the prospect of short term benefit
- b. Is only undertaken by large corporations
- c. Applies only to investment in fixed assets
- d. Has the prospect of long term benefit

20. Shareholders wealth increases with the increase in _____

- a. EPS
- b. Market value of the firm
- c. Dividend & market value of the firm
- d. Market price of the equity share

21. Listed companies can be valued at _____
- Book Value
 - Market value
 - Salvage value
 - Liquidation value
22. F.M.P. for yield valuation is _____
- Future profit
 - Profit that would be available to equity shareholders
 - Past profit
 - Super Profit
23. MBO occurs when existing growth is _____.
- Fast
 - Slow
 - Weak
 - Firm
24. Credit Risk is also referred as _____
- Default Management
 - Default Payment
 - Default risk
 - Market Risk
25. Review of Accounting quality is included in _____ Analysis.
- Financial Risk
 - Business Risk
 - Market Risk
 - Credit Risk
26. Cash management strategy is _____
- To collect cash from debtors fast
 - To delay collection from debtors
 - Pay expenses in advance
 - Pay suppliers in advance
27. Which of the following is not used in Capital Budgeting?
- Time Value of Money
 - Sensitivity Analysis
 - Net Assets Method
 - Cash Flows

28. The par value of the stocks and bonds outstanding is termed as _____

- a. Capitalization
- b. Multiplication
- c. Outstanding income
- d. Earnings before interest and taxes

29. In India Commercial Papers are issued as per the guidelines issued by _____

- a. SEBI
- b. RBI
- c. Forward Market Commission
- d. IMF

30. Super profit is _____

- a. Excess of average profit over normal profit
- b. Extra profit earned
- c. Average profit earned by similar companies
- d. Excess of normal profit over average profit

31. Calculate Price Earning Ratio : Market Price per share = Rs.24 ; Face Value per share = Rs.10 ; Earning Price per share = Rs.3.

- a. 2.4
- b. 8
- c. 0.125
- d. 72

32. Under the capitalization method, the formula for calculating the goodwill is _____

- a. Super profits multiplied by the rate of return
- b. Average profits multiplied by the rate of return
- c. Super profits divided by the rate of return
- d. Average profits divided by the rate of return

33. What are the earnings per share (EPS) for a company that earned Rs. 100,000 last year in after-tax profits, has 200,000 common shares outstanding and Rs. 1.2 million in retained earning at the year end?

- a. Rs. 100,000
- b. Rs. 6.00
- c. Rs. 0.50
- d. Rs. 6.50

34. Which one of the following statements is correct concerning the weighted average cost of capital (WACC)?

- a. The WACC may decrease as a firm's debt-equity ratio increases.

- b. When computing the WACC, the weight assigned to the preferred stock is based on the coupon rate multiplied by the par value of the stock.
- c. A firm's WACC will decrease as the corporate tax rate decreases.
- d. The WACC will remain constant unless a firm retires some of its debt

35. If the weighting of equity in total capital is $\frac{1}{3}$, that of debt is $\frac{2}{3}$, the return on equity is 15% that of debt is 10% and the corporate tax rate is 32%, what is the Weighted Average Cost of Capital (WACC)?

- a. 10.533%
- b. 7.533%
- c. 9.533%
- d. 11.350%

36. The risk free rate of return is 8% the expected rate of return on market portfolio is 15% the beta of equity stock is 1.4. the required rate on equity using CAPM is _____

- a. 15.4%.
- b. 16.8%.
- c. 17.2%.
- d. 17.8%.

37. Project costing Rs.800000 and a life of 5 years is expected to bring cash inflows of Rs.200000 p.a. What is the payback period?

- a. 5 years
- b. 4 years
- c. 3 years
- d. 2.5 years

38. The restructuring of a corporation should be undertaken if _____

- a. The restructuring can prevent an unwanted takeover.
- b. The restructuring is expected to create value for shareholders.
- c. The restructuring is expected to increase the firm's revenue
- d. The interests of bondholders are not negatively affected.

39. Which of the following statements is correct?

- a. If $PI < 1$, its NPV is less than zero
- b. If $PI = 0$, its NPV is greater than zero
- c. If $PI > 1$, its NPV will be negative
- d. PI of a project is always greater than one

40. A firm earns ₹1,00,000. The normal rate of return is 10%. The assets of the company amounted to ₹11,00,000 and liabilities to ₹1,00,000. Value of goodwill by the capitalization of average actual profit will be _____

- a. ₹ 2,00,000

- b. ₹ 10,000
- c. ₹ 5,000
- d. ₹ 1,00,000

41. Profit maximization does not take into consideration _____

- A. risk and cash flow
- B. cash flow and stock price
- C. risk and EPS
- D. EPS and stock price

42. A company has a financial structure where equity is 70% of its total debt plus equity. Its cost of equity is 10% and Cost of Debt is 5% (Pre Tax). Corporate tax is paid at 25%. What is the company's weighted average cost of capital?

- a. 7.45%
- b. 7.50%
- c. 8.125%
- d. 8.50%

43. Financial decisions are based on _____

- A. Fixed assets
- B. Capital
- C. Cost of capital
- D. Long term liabilities

44. Determine WACC using Book Value

Sources	Book Value	Market Value	Cost
Debt	600000	460000	6%
Preference Shares	300000	250000	10%
Equity Shares	800000	1000000	12%
Retained Earnings	300000	--	12%

- A. 9%
- B. 9.9%
- C. 10%
- D. 10.094%

45. What are the earnings per share (EPS) for a company that earned Rs. 5000000 last year as after - tax profits and has 200000 equity shares outstanding at the year end?

- A. Rs. 50
- B. Rs. 60
- C. Rs. 25
- D. Rs. 25.50

46. X Ltd. Is considering major expansion of its production facilities and following options are available for raising funds

Source	Amount
Share Capital (@ Rs. 100 Each)	1000000
14% Debentures	1500000
18% Loan	2500000
Total	5000000

Expected rate of return before interest and tax is Rs.1250000. Tax rate is 40%. Calculate EPS.

- A. 15
- B. 23.7
- C. 35.4
- D. 35

47. On 31st December assets and liabilities of K Ltd were valued as under:

Land and building Rs.125000, plant and machinery Rs. 78000 furniture Rs.22000, Investments Rs. 100000, Term Loan Rs.75000, 6% Debentures Rs.120000 Creditors Rs.25000. Total outstanding equity share capital is Rs.200000 (Rs.10 each). Find out value of each share using net asset value method.

- A. 5.25
- B. 7.5
- C. 52.5
- D. 75

48. Net asset value method is based on the assumption that the company is _____

- A. a going concern
- B. going to be liquidated
- C. Both (a) and (b)
- D. Neither (a) nor (b)

49. Debentures are a _____ securities.

- A. Ownership
- B. Government
- C. Creditor ship
- D. Hybrid

50. _____ is the market where shares are offered to investors by the issuer company to raise their capital

- A. Stock market
- B. Primary market
- C. Secondary market
- D. Perfect competition