

SATISH PRADHAN DNYANASADHANA COLLEGE

Department of BMS

SAMPLE MCQ QUESTIONS

Subject: Strategic Financial Management

Sr. No	Question	a	b	c	d	A N S
1	Ploughing back of profit means	Declaration of dividend	Retainning profits	Re-investing profits	Building reserves	b
2	The first taxonomy for financial reporting was released on	30th june,2003	31st july,2000	26th january, 2003	15th august, 2009	b
3	Banks in India have to achieve C.A. Ratio of	9%	15%	5%	10%	a
4	Amalgamation is governed by	AS 14	AS 3	AS 21	AS 32	a
5	The % of provision required on sub-standard asset on secured portion is:	15%	12%	10%	5%	a
6	The % of provision on unsecured portion of doubtful asset is:	125%	100%	75%	25%	b
7	Cash credit and overdrafts is considered as NPA when is remains out of order for more than:	90 days	30 days	60 days	45 days	a
8	The models known as bird in the hand argument	Gordon's Model	Walter's Model	Fayol's Model	Henry Model	a
9	Loans upto Rs. 1,00,000 against gold and silver ornaments carry risk	50%	10%	100%	20%	b
10	Provision for standard asset in respect of advances to commercial Real Estate sector is	1%	2%	2%	0%	d
11	The policy in which less dividend is paid is	Liberal dividend policy	Conservative dividend policy	Stable dividend policy	Fluctuating dividend policy	b

12	Present Value of a Rupee is always:	Equal to its Future Value.	Greater than its Future Value.	Less than its Future value	Is not related to its Future Value	c
13	An ideal current ratio must be-----	2 : 1	1 : 2	1 : 1	2.5 : 1	a
14	The abbreviation "IPO" stands for-----	Indian Public offer	Indian Post Office	Initial Private Offer	Initial Public Offering.	d
15 shares are issued free of cost	Equity	Rights	Preference.	Bonus	d
16	SEBI Act was passed in the year-----	1956	1988	1992	1947	c
17	Goodwill is an example of ---- asset	Tangible.	Intangible.	Fictitious	Current	b
18	Traditionally UTI was a-----	Bank	Mutual Fund.	Financial Institution	Insurance company	b
19	Members of recognised stock exchanges are termed as	Brokers	Underwriters	Shareholders	Lead Managers.	a
20	A shareholder invests in a Company's Shares mainly-----	For Capital appreciation	To receive Dividends.	To receive Bonus and rights shares	To receive interest on investment regularly.	a
21	Which of the following is not applicable to IRR?	Considers all cash flows	Based on time value of money	Common for all projects	Stated in % return	c
22	PQR Ltd. Is a profit-making company. It is absorbed into another group company XYZ Ltd. Which is a loss Company. This case is off	Hostile takeover bid	Horizontal merger	Reverse merger	Takeover	c
23	ABC Ltd. acquires hundred percent of preference share capital of PQR Ltd. It would result in	Hostile takeover bid	Vertical merger	No relationship	Holding Subsidiary relationship	d

24	TCs Ltd. acquires HCL Ltd., MPS of HCL Ltd. Is Rs.20 and EPS is Rs. 5 for an exchange ratio of 1.5: 1, what was the PE ratio used in acquiring HCL Ltd.?	Rs. 4	Rs. 5	Rs. 6	Rs. 2.67	c
25	Commercial papers is a type of	Fixed Coupon Bond	Unsecured Short Term Debt	Equity Share Capital	Government Bond	b
26	Which of the followings is an item of Current Liability?	Bank Balance	Bank Overdraft	Cash Balance	Unsecured Loans	b
27	In the Balance-sheet----- stock is indicated	Opening	Closing	Average	Finished Goods	b
28	Rights issue is also called as -----	Privileged Subscription.	Equity Shares	Stock Dividend.	Bonus Shares	a
29 increases the number of shares without actually increasing the paid - up value of the share capital.	Consolidation of Shares.	Stock Split-ups	Bonus Issue	Rights Issue	b
30	A merchant banker-----	is a bank of merchants and businessmen.	provides loan to merchants.	accepts deposits from merchants.	Renders Corporate advisory services.	d
31	Decision involving purchase of fixed assets are also termed as:	Capital Structure Decisions.	Capital Budgeting	Capital Restructuring	Capital Mix Decisions	b
32	A Balance Sheet tallies; because:	It is based on Double Entry System of Accounting	It is based on Single Entry System of Accounting.	All accounts are Computerised.	Total of Assets equals to the total of liabilities	a
33	Which of the following is a security on a moveable property?	Pledge	Mortgage	Hypothecation	Lien	c

34	Time value of Money is based on the principle of:	A stich in time saves nine	A bird in hand; is worth two in a bush.	As you sow; so shall you reap.	Hard Work pays in the long run	b
35	An ideal liquid ratio must be -----	1 : 1	1 : 2	2 : 1	1.33 : 1	a
36	The abbreviation "SIP" in a mutual fund stands for-----	Simple Investment Plan	Systematic Investment Plan	Small Investment Plan	Social Investment Programme	b
37	In case of Mutually Exclusive proposals	only the best project is selected	all projects with positive NPV is are selected	even negative NPV project may be selected	at least two proposals are selected	a
38	Payback period Technique is based on	All cash Flows	Only higher cash Flows	Earlier Cash Flows	Selected Cash Flows	c
39	Which of the following method of evaluation of capital budgeting proposals focuses on liquidity?	Internal Rate of Return	Net present Value	Accounting Rate of Return	Payback Period	d
40	Which of the following methods focuses the maximisation of wealth of shareholders?	Accounting Rate of Return	Payback period	Profitability Index	Internal Rate of Return	c
41	Evaluation of Capital Budgeting Proposals is based on Cash flows because:	Cash Flows are easy to calculate	Cash Flows are Suggested by SEBI	Cash is more important than profit	Cash Flows are unable to prepared	c
42	Which of the following is not included in incremental A flows?	Opportunity Costs	Sunk Costs	Change in Working Capital	Inflation effect	a
43	Savings in respect of a cost is treated in capital budgeting as:	An Inflow	An Outflow	Nil	As One	a

44	Which of the following is not a risk factor in capital budgeting ?	Industry specific risk factors	Competition risk factors	Project specific risk factors	Interest Risk factors	b
45	NPV of a proposal, as calculated by RADR real CE Approach will be:	Same	Unequal	Zero	Equal	c
46	In weighted average cost of capital, rising in interest rate leads to-	Increase in cost of debt	Increase the capital structure	Decrease in cost of debt	Decrease the capital structure	a
47	National Ltd. Has 12,000 equity shares of Rs.100 each. Sale price is equity share Rs.115 per share; flotation cost Rs.5 per share. Expected dividend growth rate is 5% and expected dividend at the end of the financial year is Rs.11 per share, What is the cost of equity shares of National Ltd?	0.1133	0.1278	0.1475	0.15	d
48	Black & White Ltd. Has a cost of equity of 11% and a pre-tax cost of debt of 8.5%. The firm's target Weighted average cost of capital is 9% and its tax rate is 35%. What is the firm's target debt-equity ratio?	0.6203	0.5756	0.5572	0.5113	b
49	The term "capital structure" refers to:	Current assets & Current liabilities	Long-term debt, preferred stock, and common stock equity	Total assets minus liabilities	Shareholders' equity	b
50	The manner in which an organization's assets are financed is referred to as its-	Capital structure	Financial structure	Asset structure	Owners structure	b