MID-WESTERN UNIVERSITY

FACULTY OF MANAGEMENT

FINAL EXAMINATION: 2073

BACHELOR OF BUSINESS ADMINISTRATION (BBA)

SEMESTER – II

R.No. ……………………

Subject: Financial Management - I Course Code: MGMT 323

Full Marks: 100 Time: 3:00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)**

*Tick the best answers.*

1. The long term objective of financial management is to:
2. Maximize return on investment
3. Maximize market share
4. Maximize the value of firm
5. Maximize earnings per share
6. The relationship between stockholder and management is called ……………………..
7. Stock relationship
8. Agency relationship
9. Bond relationship
10. Proxy relationship
11. Which of the following is not the example of cash flow from operating activities?
12. Cash receipts from the sales of goods
13. Cash payments to suppliers for goods and services
14. Cash payment to employees.
15. Cash payment to acquire property
16. This financial instrument is a hybrid or a cross between common stock and debt because during bankruptcy it ranks below debt but above common stock.
17. Municipal bond
18. Treasury bond
19. Preferred stock
20. Retained earning
21. If we deposit Rs 5,000 today at the initial rate of 10 percent per annum, it will be Rs ………….. at the end of 5 year.
22. 8,502.25
23. 8,205.55
24. 8,052.55
25. 8,500.55
26. This is the rate quoted by banks, brokers and other financial institutions and is also called the Annual percentage rate
27. Nominal Rates
28. Periodic Rates
29. Effective Annual Rates
30. None of the above
31. A series of cash flows of equal amount that continue for a certain period of time at beginning of each year.
32. Annuity due
33. Dividend
34. Retained earnings
35. Annuity
36. If you wish to get Rs. 2,000 after 5 years. If bank pays 8% interest per annum, how much do you need to deposit now?
37. 2,000
38. 1,300.66
39. 1,316.17
40. 1,361.17
41. Which of the following is the measure of market value ratio?
42. Price/Cash Flow Ratio
43. Assets Turnover Ratio
44. Return on Common Equity
45. Quick Ratio
46. Coupon interest payment divided by current market price of bond is defined as
47. Current yield
48. Yield to maturity
49. Yield to call
50. None of the above
51. Which of the following bonds are sold at a heavy discount?
52. Treasury bonds
53. Foreign bonds
54. Municipal bonds
55. Zero coupon bonds
56. Current dividend of a stock is Rs. 5, constant growth rate is 10 percent and investors required rate of return is 15 percent. What is the value of the stock?
57. 100
58. 110
59. 55
60. 50
61. Which of the following is not the feature of common stock?
62. Voting right
63. Rights for dividend
64. Rights on assets
65. Unlimited liability
66. This capital budgeting technique is also known as the return on investment (ROI) or average rate of return uses accounting information to measure the profitability of an investment.
67. Discounted Payback period
68. Accounting Rate of Return
69. Net Present Value
70. Internal Rate of Return
71. The major controllable determinants of demand are sales prices, product quality, advertising and the firm’s credit policy. Credit policy, in turn, consists of:
72. Credit period, Discounts, Credit standards and Collection policy
73. Sales, Quality, advertising and credit policy
74. Receivables, Inventory, working capital and stock value
75. Credit period, advertising, receivables and collection policy

☺☺☺