GLOBAL COLLEGE INTERNATIONAL

MID-TERM EXAMINATION 2023

BACHELOR OF BUSINESS ADMINISTRATION (BBA)

SEMESTER – II

Name:……………………………………………………………………………………….…. Section: ………………………….

Subject: Financial Management-I Course Code: MGT 423

Full Marks: 100 Time: 3 Hours

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

*Tick the best answers.*

1. In a firm, "Shareholder wealth" is represented by………………...
2. the number of people employed in the firm.
3. the book value of the firm's assets less the book value of its liabilities.
4. the amount of salary paid to its employees.
5. the market price per share of the firm's common stock.
6. A(n) …………... would be an example of a principal, while a(n) …………... would be an example of an agent.
7. shareholder; manager
8. manager; owner
9. accountant; bondholder
10. shareholder; bondholder
11. Determine a firm's total asset turnover ratio (TATOR) if its net profit margin (NPM) is 5 percent, total assets are Rs 8 million, and ROA is 8 percent.
12. 1.60
13. 2.05
14. 2.50
15. 4.00
16. Kanchanpur Company had sales last year of Rs 265 million, including cash sales of Rs 25 million. If its average collection period was 36 days, its ending accounts receivable balance is closest to ……… (Assume a 365-day year.)
17. Rs 26.1 million
18. Rs 23.7 million
19. Rs 7.4 million
20. Rs 18.7 million
21. 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 earnings at the year end?
22. Rs 100,000
23. Rs 6.00
24. Rs 0.50
25. Rs 6.50
26. You want to buy an ordinary annuity that will pay you Rs 4,000 a year for the next 20 years. You expect annual interest rates will be 8 percent over that time period. The maximum price you would be willing to pay for the annuity is closest to
27. Rs 32,000.
28. Rs 39,272.
29. Rs 40,000.
30. Rs 80,000.
31. Butwal Farm Supplies, Inc., has an 8 percent return on total assets of Rs 300,000 and a net profit margin of 5 percent. What are its sales?
32. Rs 3,750,000
33. Rs 480,000
34. Rs 300,000
35. Rs 1,500,000
36. In 3 years you are to receive Rs 5,000. If the interest rate were to suddenly increase, the present value of that future amount to you would
37. fall.
38. rise.
39. remain unchanged.
40. cannot be determined without more information.
41. (1 + i)n is same as………………
42. PVIF
43. FVIF
44. PVIFA
45. FVIFA
46. What is an investment's present value, assuming a 7 percent interest rate, if it pays out Rs 80 annually forever?
47. Rs 1,000
48. Rs 1,142.86
49. Rs 56
50. Rs 87
51. What is the factor for PVIFA, 0%, 5 ………………….?
52. 0
53. 1
54. 5
55. None of the above (you can't fool me!)
56. In a typical loan amortization schedule, the dollar amount of interest paid each period……..
57. increases with each payment
58. decreases with each payment
59. remains constant with each payment
60. cannot say
61. You are considering borrowing Rs 10,000 for 3 years at an annual interest rate of 6 percent. The loan agreement calls for 3 equal payments, to be paid at the end of each of the next 3 years. The annual payment that will fully pay off (amortize) the loan is closest to
62. Rs 2,674.
63. Rs 2,890.
64. Rs 3,741.
65. Rs 4,020.
66. What's the value to you of a Rs 1,000 face-value bond with an 8 percent coupon rate when your required rate of return is 15 percent?
67. More than its face value.
68. Less than its face value.
69. Rs 1,000.
70. none of these.
71. If a bond sells at a high premium, then which of the following relationships hold true? (B0 represents the price of a bond and YTM is the bond's yield to maturity.)
72. B0 < par, when YTM > the coupon rate.
73. B0 > par, when YTM > the coupon rate.
74. B0 > par, when YTM < the coupon rate.
75. B0 < par, when YTM < the coupon rate.