



**PUNE VIDYARTHI GRIHA's**  
**COLLEGE OF SCIENCE & TECHNOLOGY**

Affiliated to University of Mumbai

CTS. NO.218, Br. Nath Pai Nagar, Ghatkopar (East), Mumbai – 400077. Tel: 2506 9118/115

Email: pvgcst@yahoo.com Website: www.pvgcst.in.

STD : SYBMS

SEMESTER : III

SUBJECT : CORPORATE FINANCE

FINANCE

SAMPLE PAPER

- 1 Capital includes the assets and capital investments that are needed to start up and conduct bu
  - A Fixed Capital
  - B Current capital
  - C Working capital
  - D Temperory Capital
- 2 working capital which signifie only current assets.
  - A Gross Working capital
  - B Net Working capital
  - C Temperory Working capital
  - D Fixed Working capital
- 3 \_\_\_\_\_ holders are the creditors of the company carrying a fixed rate of interest.
  - A Equity shares
  - B Preference Shares
  - C Debenture
- 4 ESOPS  
\_\_\_\_\_ do not enjoy any preferential rights with regard to repayment of capital and dividend.
  - A Equity shares
  - B Preference Shares
  - C Debenture
  - D ESOPS
- 5 Corporate finance deals with various \_\_\_\_\_ aspects of a business organisation.
  - A Non-monetary
  - B Human resource
  - C Monetary
  - D Materials
- 6 \_\_\_\_\_ is the life blood for all types of business, profitable as well as non-profitable.
  - A finance
  - B manager

- 7 C employee  
D Materials  
\_\_\_\_\_ refers to the sum of a corporation's long term debt, stock and retained earnings.
- A Finance  
B Capitalization  
C Management  
D Human resource
- 8 Which of the following is not a cause of under-capitalization.
- A Creation of secret reserve  
B Conservative dividend policy  
C liberal dividend policy  
D Acquisition of assets during recession
- 9 Management of all matters related to an organisation's finances is called
- A cash inflow and outflows  
B allocation of resources  
C Financial Management  
D Finance
- 10 Which of the following is not an element of financial management?
- A Allocation of resources  
B Financial Planning  
C Financial Decision-making  
D Corporate Social Responsibility
- 11 The most important goal of financial management is
- A Corporate Social Responsibility  
B Wealth maximisation  
C Matching income and expenditure  
D using business assets effectively
- 12 Which of the following is considered as the principle financial objective of the firm?
- A Shareholders wealth maximisation  
B General welfare of the employee  
C welfare of the society  
D welfare of the management
- 13 The objective of financial management is to
- A Maximise the revenues  
B Maximising the value of the firm  
C maximise the return on investment  
D Minimise the risk
- 14 \_\_\_\_\_ helps to examine the relationship between EBIT and EPS.
- A Operating leverage  
B Financial leverage  
C Combined leverage

- 15 D Working leverage  
Combined leverage= Operating leverage x \_\_\_\_\_.
- A Operating leverage  
B Financial leverage  
C Combined leverage  
D Working leverage
- 16 Janaki Ltd. issued 12,000, 10% debentures of Rs.100 each at par. The tax rate is 50%. Calculate
- A 10%  
B 5%  
C 12%  
D 15%
- 17 Which of the following cost of capital requires tax adjustment?
- A Cost of Equity Shares  
B Cost of Preference Shares  
C Cost of Debentures  
D Cost of Retained Earnings
- 18 Formula for cost of Preference Shares is
- A  $(D1 / MPS) + g$   
B  $I(1 - t)$   
C  $D/NP$   
D  $I/MPS$
- 19 Cost of issuing new shares to the public is known as
- A Cost of Equity  
B Cost of Capital  
C Flotation Cost  
D Margial Cost of Capital
- 20 Which of the following is not a generally accepted approach for calculatin of Cost of EQUity?
- A CAPM  
B Dividend Discount Model  
C Rate of Preference Dividend plus Risk  
D Earnings Price Ratio
- 21 The ability of the firm in employing long term funds having fixed cost to enhance returns to the
- A Leverage  
B Working capital  
C Receivable Management  
D Cost of capital
- 22 Responsiveness of firm's EBIT to the changes in sales value
- A Combined Leverage  
B Operating Leverage  
C Financial Leverage  
D Dual Leverage

- 23 Indicator of responsiveness of firm's EBIT to the changes in its EPS
- A Combined Leverage
  - B Operating Leverage
  - C Financial Leverage
  - D Dual Leverage
- 25 Potential use of fixed cost, both operating and financial, which magnifies the effect of sales volume changes
- A Combined Leverage
  - B Operating Leverage
  - C Financial Leverage
  - D Dual Leverage
- 26 Level of EBIT where EPS of both plans are same
- A Indifference point
  - B Financial BEP
  - C Margin of Safety
  - D Contribution
- 27 Level of EBT where EPS = 0 (no profit and no loss)
- A Indifference point
  - B Financial BEP
  - C Margin of Safety
  - D Contribution
- 28 Cash inflow for capital budgeting decision mean
- a accounting profit-depreciation+tax
  - b accounting profit +tax - depreciation accounting profit - tax + depreciation
  - c accounting profit-depreciation - tax
  - d NPBT + Depreciation
- 29 Initial cash outflows
- a cost of asset + installation expense - salvage - working capital
  - b cost of asset + installation expense +salvage + working capital
  - c cost of asset + installation expense + working capital
  - d cost of asset -nstallation expense - salvage - working capital
- 30 Net present value of a machine
- a PV of cash inflow less cost of investment
  - b PV of cash inflow÷cost of investment
  - c PV of net profit after tax less cost of investment
  - d PV of cash inflow less average cost of investment
- 31 Net salvage value of fixed asset is equal to
- a excess of salvage value over book value
  - b Excess of book value over salvage value
  - c Working capital requirement in the first year

d salvage value is fixed asset less any income tax payable on the excess of salvage value over book value

32 The \_\_\_\_\_ of an asset is the change in value plus any cash distribution expressed as a percentage of the original value.

- a return
- b value
- c risk
- d probability

33 \_\_\_\_\_ is the chance of loss or the variability of return associated with a given asset.

- a return
- b value
- c risk
- d probability

34 Uncertainty is a case where

- a the decision-maker does not know the probability of acquiring
- b The decision maker known the probability of occurrence
- c the decision-maker does not know the negative of acquiring
- d the decision-maker does not know the positive of acquiring

35 The \_\_\_\_\_ of an event occurring is the percentage chance of a given outcome.

- a dispersion
- b standard deviation
- c probability
- d reliability

34 Systematic risk is

- a market risk
- b firm- specific risk
- c risk
- d Unsystematic risk

35 Which of the following is not used in Capital Budgeting?

- a Time Value of Money
- b Sensitivity Analysis
- c Intrinsic value

- 36            d            Cash Flows  
The following can invest in India by way of FDI, subject to certain conditions
- A            A non-resident entity (NRE) only  
              B            A Foreign Institutional Investor (FII) only  
              C            Registered FIIs/FPIs and NRIs only  
              D            NRE, FII, FPI and NRI all can invest
- 37            FDI can be made only into the capital of the following entities, subject to certain conditions
- A            Indian Company only  
              B            Venture Capital Fund (VCF) only  
              C            government route only  
              D            either automatic route or government route
- 38            Chit Funds
- A            FDI allowed  
              B            FDI prohibited  
              C            FDI allowed subject to cap  
              D            FDI requires Central Government approval
- 39            Cable Networks
- A            FDI allowed  
              B            FDI prohibited  
              C            FDI allowed subject to cap  
              D            FDI requires Central Government approval
- 40            Satellites
- A            FDI allowed  
              B            FDI prohibited  
              C            FDI allowed subject to cap  
              D            FDI requires Central Government approval
- 41            Courier
- A            FDI allowed under automatic route  
              B            FDI prohibited  
              C            FDI allowed subject to cap  
              D            FDI requires Central Government approval
- 42            ADR means
- A            Auto Deposit Receipt  
              B            American Debit Record  
              C            American Depository Receipt  
              D            Auto Debit Receipt
- 43            GDR means
- A            Global Depository Receipt  
              B            German Depository Receipt  
              C            Global Depression Recession  
              D            Global Departmental Receipts

- 44 Which of the following is not a spontaneous source of short-term funds ?
- A Trade Credit
  - B Accrued Expenses
  - C Provision for Dividend
  - D Cash credit
- 45 In which of the following types of factoring the bad debt loss is not borne by the factor?
- A Recourse Factoring
  - B Full Factoring
  - C Maturity Factoring
  - D Invoice Discounting
- 46 Which of the following types of factoring does not carry the service elements of factoring?
- A Recourse Factoring
  - B Full Factoring
  - C Maturity Factoring
  - D Invoice Discounting
- 47 Section of the companies Act, 2013 is related to Acceptance of Deposits.
- A 73 to 79
  - B 73 to 76
  - C 76 to 79
  - D 173 to 176
- 48 One of the following is the Rating agency
- A CRISIL
  - B WTO
  - C IMF
  - D GATT
- 49 One of the following is the Rating agency
- A RIL
  - B WTO
  - C IMF
  - D ICRA
- 50 One of the following is the Rating agency
- A CRETCH
  - B WTO
  - C CARE
  - D GATT