CHAPTER / MODULE	lule 1: Strategic Corporate Finance				
question number	**Question**	**option A**	**option B**	**option C**	**option D**
1	Planning is thinking	Before the action takes place	After the action takes place	During the action	None of the above
2	thinking in advance about	Past activities	Future activities	Present Activity	All of the above
3	Strategies are	Dynamic	Flexible	Stratic	Both Dynamic and Flexible
4	Strategies are based on	Practical Experiences	Knowledge	Past Knowledge	None of the above
5	Strategies are	Realistic	past oriented	Action Oriented	Realistic and Action oriented
6	Corporate Strategies include	Merger	Acquisition	Diversification	All of the above
7	Strategy ensures	Success	resources	advantage	All of the above
8	Shareholders wealth increases with the increase in	EPS	Market value of the firm	market value of the firm	Market price of the equity share
9	Corporate wealth maximization is the value maximization for	Equity shareholders	Stakeholders	Employees	Debt capital owners
10	Relevant cost includes	Avoidable cost	opportunity cost	Future cashflow	All of the above
11	Irrelevant cost includes	Sunk cost	Committed cost	non cash expenses	All of the above
12	Relevant cost affects	Future cashflow	Present Cashflow	Past Cashflow	All of the above
13	Relevant cost is incurred	decisions	decisions	decisions	None of the above
14	Material handling is an	Initial Cost	Operating cost	Non operating cost	None of the above
15	Target cost is a	cost	cost	cost	None of the above
16	ensures	improvement	Improvement	Improvement	All of the above
17	Target cost is achieved during	Product Planning	Design	stages	All of the above
18	impact on	Costing	Profitability	Purchase Price	Negotiations
19	based on previous	Income	Profitability	Budgeting	Expenditure
20	In ZBB there is no scope for	High Costing	Inflated Profitablity	Deflated Budget	Inflated Budget
21	New Business decisions affect	Relevant Costing	Irrelavant Costing	ZBB	Target Costing

22	An organisation must compete in the area of	Cost, Profit, Shareholder wealth	Cost, Quality, Service	Product, Quality, Service	Profit, Cost, Product
23	External failure costs include	Complaints	Quality	Taxes	Service
24	is to ensure	Target cost	Target Margin	Profit Margin	All of the above
25	Target costing helps in cost	Control	Reduction	elimination	protection
26	Value chain analysis includes	R&D	Designing	Marketing	All of the above
27	Value chain analysis	Reduces cost	Enhances customer satisfaction	Utilization of resources	All of the above
28	Strategic Financial Management focuses on	Wealth creation	Capital Appreciation	and Capital Appreciation	None of the above
29	What is the primary goal of financial management?	To minimize the risk	To maximize the return	To maximize the owner's wealth	To raise profit
30	Strategic cost management is to improve	Strategic position of a firm	Financial position of a firm	Profitability position of a firm	All of the above
31	Strategic cost management sees	competitive advantage	strategic competitive advantage	strategic competitive	All of the above
32	Strategic cost management has	Broad focus	Narrow Focus	No Focus	All of the above
33	involves use of cost data for developments of	Superior cost straegies	Good cost strategies	Better cost strategies	Inferior cost strategies
34	The objective of strategic cost management is to have	Optimum utilization of resources	Minimum utilization of resources	Best utilization of resources	Maximum utilization of resources
35	Strategic cost management is to	quality	creation	performance	All of the above
36	include	Target costing	ABC Costing	Marginal Costing	A & B
37	Appraisal cost includes	Inspection tools	Rework	Scrap	Repair
38	include	Budgetary control	Standard costing	automation	All of the above
39	Cost control and cost reduction	Improves utilizatin of resources	Improves profitability	Increases credit worthiness	All of the above
40	product life cycle	Introduction	Growth	Market Survey	Maturity
41	Following is not a initial cost	R&D	Designing	Quality Control	Cost of transport
42	Cost of training is	Acquisition cost	Initial cost	Disposal cost	All of the above
43	financial management is	Wealth Maximization	Profit Maximization	Maximization	Asset Maximization
44	maximization takes into account	Amount of returns expected	Timing of anticipated returns	with uncertainty of returns	all of the above

45	The most appropriate goal for the firm is	Shareholder wealth maximization	Profit Maximization	Sales Maximization	Asset Maximization
46	Which of this is a criticism of profit maximization	Profit maximization is narrow approach	Provides funds for future growth	Provides support in emergencies	None of the above
47	Which of this is a criticism of wealth maximization	It considers time value of money	It is based on cashflows	holders and not debt holders	It emphasis on long term goals
48	The cost of capital of a firm is	The dividend paid on the equity capital	The weighted average of the cost of various long-term and short-term sources of finance	of return it must earn on its investments to satisfy the various investors	The cost of capital of a firm is the minimum rate of return it must earn on its investments to keep its investors satisfied.
49	The constant growth model of equity valuation assumes that	the dividends paid by the company remain constant	by the company grow at a constant rate of growth	may be less than or equal to the growth rate	the growth rate is less than the cost of equity.
50	Which of the following statements on Activity based costing is False?	budgeting helps to know potential profitability	resources are allocated based on efficiencies	It uses activity based costing methodology	It doesnot lead to determine the potential profitability of business
CHAPTER / MODULE	**Module 2: Fund Raising**				
question number	**Question**	**option A**	**option B**	**option C**	**option D**
1	What does the price-to-earnings ratio (P/E) tell you?	How much each of a company's products sells for on average	are willing to pay per unit of a company's earnings.	How much tax per unit investors are willing to pay.	None of the above
2	How is the P/E ratio calculated?	Market value/quick ratio	share/market capitalization	share/earnings per share	None of the above
3	What is the most important use of the P/E ratio for investors?	decide how much profit a company is likely to make in future.	decide whether a company's shares are overpriced or underpriced	It helps investors decide on the most appropriate risk to reward ratio.	None of the above
4	What does a high P/E ratio suggest?	A company shares are currently overpriced	are currently underpriced.	No relation	None of the above

5	of $100 and its earnings per share averaged $2, what is its	20	50	80	100
6	share is $20 and it has a share price of $600, what is the P/E	25	30	60	50
7	12% debentures is 4 lakhs 18% term loan is 12 lakhs, ke = 18% and tax = 30%, the WACC is	22.34%	45.55%	15.56%	12.84%
8	Following is not an assumption of NOI approach	Debt capitalizing rate changes	Constant WACC	No corporate taxes	Split between debt and equity is not important
9	The following is not the assumption of MM approach	Investors behave rationally	buy and sell securities	There is a transaction cash	Investors can borrow without restriction
10	Capital structure is optimum when	equity share does not change	Market value of equity share changes	Cost of equity changes	None of the above
11	Capital structure with equity shares only	Enhances credit standing of the company	greater discretion in declaration of dividend	There is no danger of existance of the company	All of the above
12	The effect of decrease in leverage	Decreases equity capitalization rate	WACC remain constant	firm remains constant	All of the above
13	Equity Shares Rs. 40, 00,000 8% Preference Share Rs. 10, 00,000 8% Debentures Rs. 30, 00,000	15%	11%	12%	18%
14	Equity Shares (400,000 Shares) Rs. 40, 00,000 Reserves Rs. 60, 00,000 15% Debentures Rs. 20, 00,000 14% Bank Loan Rs. 60, 00,000 Cost of Equity & Reserves 15% Tax Rate 50%	11.54%	12.35%	14.54%	12%
15	Equity Share Capital (Rs. 100 each) 5, 00, 000 10% Preference Share Capital 4, 00, 000 8% Debentures 1, 00, 000	15%	24%	Rs. 24 per share	Rs. 15 per share

16	Equity Share Capital (Rs. 100 each) 10, 00, 000 10% Preference Share Capital 5, 00, 000 8% Debentures 2, 00, 000	Rs. 52	Rs. 34.50	Rs. 25.50	Rs. 20.50
17	Risk include	Key employees leave the company	Competitors cut the prices	Economic Crisis	All of the above
18	Liquidity ratio includes	current ratio	Debt equity ratio	Liquid Ratio	A & B
19	Financial ratios help the lenders to	Know the picture of the financial health of the business	Compare performance of the business	Monitor the changes in performance	All of the above
20	Business plan is the source of	Information	Capital	Authority	All of the above
21	To reduce cost by 10% is a	Target	Goal	Mission	Vision
22	Which of the following is an advantage of equity financing in comparison to debt financing?	Issuance costs are greater than for debt.	Ownership is given up with respect to the issuance of common stock.	tax deductible by the corporation whereas interest is tax deductible.	The company has no firm obligation to pay dividends to common shareholders.
23	source of capital used to finance long-term projects?	Common stock.	Long-term debt.	Preferred stock.	Line of credit.
24	generally does not impact managements capital structure	Business risk	Tax position.	Expected return on assets.	Management aggressiveness.
25	operating leverage when compared to the industry average implies that the	Firm has higher variable costs.	more sensitive to changes in sales volume.	Firm is more profitable.	Firm is less risky.
26	A firm's optimal capital structure:	ratio that results in the lowest possible weighted average cost of capital.	is generally a mix of 40 percent debt and 60 percent equity.	locating the mix of debt and equity which causes the earnings per share	exists when the debt-equity ratio is .50.
27	Which one of the following statements concerning financial leverage is correct?	If a firm employs financial leverage, the shareholders will be exposed to greater risk.	leverage will always have a higher earnings per share than a firm which does not employ	is always beneficial to a firm when the interest rate on the debt is less than	The benefits of leverage are unaffected by changes in a firm's earnings before interest and taxes

28	The weighted average cost of capital for a firm is the:	Discount rate which the firm should apply to all of the projects it undertakes.	firm must earn on its existing assets to maintain the current value of its stock.	Coupon rate the firm should expect to pay on its next bond issue.	Maximum rate which the firm should require on any projects it undertakes.
29	7%, a cost of equity of 11%, and a cost of preferred stock of 8%. The firm has 104,000 shares of common stock outstanding at a market price of Rs. 20 a share. There are 40,000 shares of preferred stock outstanding at a market price of	9.14%	8.32%	7.94%	6.67%
30	the cost of equity capital, the expected excess market return is equal to the:	Return on the stock minus the risk-free rate.	the return on the market and the risk-free rate	Beta times the market risk premium	Beta times the risk-free rate.
31	Beta measures depend highly on the:	direction of the market variance	overall cycle of the market.	market and asset, but not their co-movement	All of the above
32	is given by the dividing the ___________ of the stock with the market portfolio by the	variance; covariance	covariance; variance	standard deviation; variance	expected return; variance
33	A firm with high operating leverage has:	low fixed costs in its production process.	in its production process.	its production process	high price per unit.
34	Which one of the following statements is correct concerning the weighted average cost of capital (WACC)?	The WACC may decrease as a firm's debt-equity ratio increases.	the WACC, the weight assigned to the preferred stock is based on the coupon rate multiplied by the par value of the stock.	A firm's WACC will decrease as the corporate tax rate decreases	The weight of the common stock used in the computation of the WACC is based on the number of shares outstanding multiplied by the book value per share.

35	annual dividend of $1.30 a share next month. The market price of the stock is $24.80 and the growth rate is 3 percent.	7.58%	7.91%	8.24%	8.40%
36	The cost of equity capital is all of the following EXCEPT:	The minimum rate that a firm should earn on the equity-financed part of an investment.	equity-financed portion of an investment that, at worst, leaves the market price of the	By far the most difficult component cost to estimate.	Generally lower than the before-tax cost of debt
37	return for equity in a company using the CAPM, it is necessary to know all of the following	The risk-free rate	The beta for the firm	The earnings for the next time period.	The market return expected for the time period.
38	individual components of a firm's financing, the corporate tax rate is important to which of	Common stock.	Preferred Stock	Debt	None of the above
39	company must provide a higher expected return than the debt of the same company because	There is less demand for stock than for bonds.	There is greater demand for stock than for bonds.	systematic risk involved for the common stock	There is a market premium required for bonds
40	A critical assumption of the net operating income (NOI) approach to valuation is:	That debt and equity levels remain unchanged.	That dividends increase at a constant rate.	constant regardless of changes in	That interest expense and taxes are included in the calculation.
41	The traditional approach towards the valuation of a company assumes:	capitalization rate holds constant with changes in financial leverage.	That there is an optimum capital structure.	That total risk is not altered by changes in the capital structure	That markets are perfect.
42	preference share capital is	Fixed	Fluctuating	Both A & B	None of the above
43	Dividend on share capital has	tax benefit	no tax benefit	Tax liability	None of the above
44	Value of the Firm is	Equity plus Market value of Debt	Sum of all assets minus liabilities	A & B	None of the above
45	failure cost	Replacement	Product rejection	complaints	Warranty claims
46	on	budget	Cost benefit analysis	all levels	None of the above
47	If ROI is more than cost of debt	EPS Increase	Increases	Both A & B	None of the above

48	The effect of increase in leverage	Increases equity capitalisation rate	WACC remain constant	firm remains constant	All of the above
49	break even point then	EPS will be positive	EPS will be negative	No effect on EPS	Cash of Debt Increases
50	If the expected level of EBIT exceeds the indifference point	Debt financing will be advantages	Equity financing will be advantages	EPS will reduce	None of the above
51	incorrect for NOI?	k0 is constant	kd is constant	ke is constant	kd& k0 are constant
52	Which of the following is true?	Approach, overall cost of capital remains same	Under NI Approach, overall cost of capital remains same	Approach, overall cost of capital remains same	None of the above
53	Advantage of Debt financing is:	Interest is tax-deductible,	Does not dilute owners control	It reduces WACC	All of the above

Sr.no	Question	A	B	C	D	
1	Goodwill is an ______ asset.	fixed	tangible	Intangible	None of the above	
2	Goodwill has ______ value.	fixed	Realisable	flexible	None of the above	
3	Goodwill is not a ______ asset.	Fictitious	Intangible	Realisable	None of the above	
4	Goodwill may be ______ or ______.	Purchased/Non purchased	Purchased/Non sale	sale/Non sale	None of the above	
5	Only ______ goodwill is accounted.	sale	fixed	Purchased	None of the above	
6	______ is calculated on the basis of adjusted average profit.	NRR	Net profit	FMP	None of the above	
7	______ is equal to Rate of interest plus rate of risk.	Net profit	NRR	FMP	None of the above	
8	Investments are ______ assets.	trading	Non trading	fixed	None of the above	
9	______ value depends on Net assets.	Intrinsic	sales	production	None of the above	
10	Yield value depends on ______.	Net profit	Gross profit	Net loss	None of the above	
11	Fair value is the ______ of Intrinsic value and yield value.	Total	Average	double	None of the above	
12	EPS depends on net profit available to ______ shareholders.	Preference	Equity	Bonus	None of the above	
13	P/E ratio is a relationship between ______ and ______.	TP & EPs	MP & TPs	MP & EPs	None of the above	
14	Goodwill is	an intangible asset	a fixed asset	realisable	all the above	
15	Goodwill is to be valued when	amalgamation takes place	one company takes over another company	a partner is admitted	all of the above	
16	Goodwill is paid for obtaining	future benefit	Present benefit	Past benefit	none of the above	
17	Super profit is	excess of average profit over normal profit	extra profit earned	average profit earned by similar companies	none of the above	

18	Normal profit is	average profit earned	Profit earned by similar companies in the same industry	a and b	none of the above	
19	Normal profit depends on	Normal Rate of Return	Average capital employed	both a and b	none of the above	
20	Goodwill as per purchase of average profit metho	Average Profit	Average profit × Amount of purchases	Average Profit · No of years purchases	all of the above	
21	Goodwill as per purchase of super profit method is equal to	Super Profit	Super Profit · amount of Purchases	Super Profit · No of year's Purchases	none of the above	
22	Normal Rate of Return depends on	Rate of Interest	Rate of Risk	both a & b	none of the above	
23	While calculating capital employed	Tangible trading assets should be considered	Intangible assets should be considered	Fictitious assets should be considered	none of the above	
24	Any non trading income included in the profit should be	eliminated	added	ignored	none of the above	
25	Under capitalisation of super profit method, Goodwill is equal to	Capitalised Value of super profit at NRR	Capitalised value of maintained profit	a and b	none of the above	
26	Capital employed at the end of the year is Rs 4,20,000. Profit earned Rs 40.000. Average capital employed is	Rs 4,20,000	Rs 4,00,000	Rs 4,40,000	Rs 4,60,000	
27	Rate of interest is 11% and the rate of risk is 9%. The normal rate of return is	11%	9%	20%	2%	
28	Capital employed at the beginning of the year is Rs 5,20,000 and the profit earned during the year is Rs 60,000. Average capital employed during the year is	RS 5,50,000	Rs 5,20,000	Rs 5,80,000	Rs 4,60,000	
29	Average Profit is Rs 19,167 and normal profit is Rs 10,000. The Super Profit is	Rs 9,167	Rs 29,167	Rs 19,167	Rs 10,000	
30	Super Profit is Rs 9,167 and the Normal Rate of Return is 10% Goodwill as per capitalisation of Super Profit method is equal to	Rs 91,670	Rs 90,600	Rs 67,910	Rs 95,000	

31	Capital employed is Rs 50,000 Trading Profit amounted Rs 12,200, Rs 15,000 and Rs 2000 loss for 2008, 2009 and 2010 respectively. Rate of interest is 8% and the rate of risk is 2% Remuneration from alternative employment of the proprietor is Rs 3,600 pa. Amount of Goodwill at 3 years. purchase of super Profit is	Rs 8,000	Rs 8,800	Rs 8,850	Rs 9,500	
32	Shares are to be valued on	Mergers	Sale of shares	Gift tax	all of the above	
33	Quoted shares are those shares which are	Listed on the stock exchange	quoted daily	quoted by the seller	quoted by the buyer	
34	Under net asset method value of a share depends on	net assets available to equity shareholders	net assets available to debentures holders	net assets available to prefer shareholders	none of the above	
35	Net asset value is also called as	asset backing value	intrinsic value	liquidation value	a, b and c	
36	While deciding net asset value fictitious assets	Should be considered	Should not be considered	added to total assets	none of the above	
37	Net asset value method is based on the assumption that the company is	a going concern	going to be liquidated	a & b	none of the above	
38	Yield value depends on	Future maintainable Profit	Paid up equity Capital	Normal Rate of Return	all of the above	
39	F.M.P. for yield valuation is	Future Profit	Profit that would be available to equity shareholders	Past Profit	none of the above	
40	Yield value is based on the assumption that	the company is a going concern	the company will be liquidated	the company is sick	none of the above	
41	Fair value of a share is equal to	Intrinsic Value only	Yield value only	Average of Intrinsic and Yield Value	none of the above	
42	Value of a Partly Paid equity Share is equal to	Value of fully Paid Share - calls unpaid per share	Calls in arrears per share	Paid up value per share	none of the above	

43	The company earns a net profit of Rs 24,000 with a capital of RS 1,20,000. The NRR is 10%. Under capitalization of super profit, goodwill will be	1,20,000	70,000	12,000	24,000	

Sr.n	Question	A	B	C	D
1	In _____ inside party buys business.	MBO	MBI	KPO	Debt
2	In _____ outside party buys business.	MBI	MBO	WTO	KPO
3	MBO occurs when existing growth is _____.	fast	slow	weak	None of the above
4	MBO involves _____ study.	Flexibility	Feasibility	Both A & B	None of the above
5	_____ is included in negotiation.	Balance	Value and price	professionalism	None of the above
6	Funding offer is assessed in terms of _____ _____.	Position terms	exit expectation	repayment terms	None of the above
7	MBO / Ins is a combination of _____ and _____.	MBO, MBI	Due Diligence,MBO	Due Diligence,MBI	None of the above
8	Operational D.D. is a part of _____ _____.	Due Diligence	Due date	Due Debt	None of the above
9	In negotiations do not make any _____.	liquidation	requidation	assumptions	None of the above
10	The offer must be _____ and _____.	Just, fixed	Just, flexible	Just, equitable	None of the above
11	In negotiations make _____ suggestions.	Negative	positive	Both A & B	None of the above
12	_____ funders are keen to examine cash flow.	Business	Debt	Company	None of the above
13	Report is drafted at the _____ stage.	completion	execution	implementation	None of the above
14	Compilation of investigation plan is done at _____ stage.	Strategy	planning	Execution	None of the above
15	Financial forecast is done at _____ stage.	completion	execution	implementation	None of the above
16	Strategy for growth is given in a business plan developed for _____.	Partners	Managers	Funders	None of the above
17	MBO occurs when	Existing growth of the company is	Management lacks managerial skin.	Existing management is very strong.	a & b
18	The management team consists of :	One or more directors.	Employees with or without external	One or more directors and employees.	None of the above.
19	MBO process involves :	Feasibility	Deal	Funding	All of the above
20	MBO process is extremely :	Delicate	Easy	Difficult	None
21	Financial advisor is to :	Evaluate the feasibility of	Value the business.	Identify financial supporters	All of the above.
22	The components of feasibility include :	Analysis of growth rate	Analysis of strategic Buyout.	Structure of the industry.	All of the above
23	In negotiation following should be given attention :.	Lay all cards on the table	Make no assumptions	Carryout a recap	All of the above.

24	Negotiation process includes the following aspects :	Professionalism	Balance	Value and price	All of the above
25	Negotiation includes the following :	Evaluation of management team	Business Plan	Review of market	All of the above
26	Funding offer is assessed in terms of :	Repayment terms	Position of default	Exit expectations	All of the above
27	Deal completion includes	D.D. investigation	Financing	Legal documentation	All of the above
28	The Legal agreements cover	Shareholders agreement	A/A	Funding documents	All of the above
29	Business plan developed for funders includes :	History of business	Profile of management team	Strategy for growth	All of the above
30	Business plan developed for funders includes :	Overview of business	Strength of business	Analysis of market	All of the above
31	In MBI	Management team from inside buys the business	Management team from outside buys the business	Government buys the business	None of the above
32	Due Diligence includes :	Financial D.D.	Legal D.D.	H.R. D.D.	All of the above
33	The principles of D.D. include :	Independence principle	Prudence principle	Comprehensiveness principle	All of the above
34	The stages in financial D.D. include :	Project preparation	Project planning	Implementation and completion	All of the above

sr.no	Question	A	B	C	D	
1	The word 'Risk' is derived from _____ word.	Latin	Italian	French	None of above	
2	Risk management is important due to _____.	Profit	Competition	Both A and B	None of above	
3	Magnitude of risk must be _____.	Written	Documented	Oral	None of above	
4	Risk can be _____.	Systematic risk	Macro level	Top level	None of above	
5	Unstematic risk is _____.	Micro level	Top level	Macro level	None of above	
6	Review of Accounting quality is included in _____ _____ Analysis.	Financial Risk	Business Risk	Market Risk	None of above	
7	Financial flexibility involves existence of _____ _____.	liquid Investment	fixed Investment	Indirect Investment	None of above	
8	Strategy is a key dimension of _____ evaluation.	Ownership	Partnership	Management	None of above	
9	Project risk analysis includes _____ _____.	equity	share equity	Debt equity	None of above	
10	Credit Risk is also referred to _____ _____.	Default Management	Default Payment	Default risk	None of above	
11	Expert system is a _____ _____ method.	credit Var	Credit assessment	Credit spread	None of above	
12	Expert system is based on _____ of credit.	7	6	5	4	
13	Credit scoring model is _____.	Predict Bankcruptcy	Mathematical	Based on 6CS	None of above	
14	Z score model Predicts _____.	Mathematical	Bankruptcy	Based on 6CS	None of above	
15	Credit management is _____ _____.	Backward looking	forward looking	Professional looking	None of above	
16	Credit Risk management is _____ _____.	forward looking	Professional looking	Backward looking	None of above	
17	_____ _____ is a worst loss.	credit Var	Credit spread	Credit assessemnt	None of above	
18	A risk to each party of contract is _____ _____ risk.	Commercial	Receivable	Counterparty	None of above	
19	_____ risk arises due to marketing and distribution.	Receivable	Counterparty	Commercial	None of above	
20	Customers do not pay is a _____ risk.	Counterparty	Commercial	Receivable	None of above	
21	_____ can expose organisation to natural hazards.	Factory	Organisation	Nature	None of above	
22	'Risk' is derived from	Italian word	French word	Latin word	None of the above	

23	'Risk' Management is important due to	Globalised environment	Increasing competition	Regulatory authorities	All of the above	
24	Magnitude of risk must be	Documented	Written	Oral	None	
25	Risk can be	Systematic	Unsystematic	Internal	All of the above	
26	Unsystematic risk is	Micro level	Macro level	Top level	None	
27	Parameters used for assessment of business risk include	Diversification	Seasonality	Cost structure	All of the above	
28	Financial Risk Analysis includes	Evaluation of future financial performance	Review of Accounting quality	Disclosure of material events	All of the above	
29	Financial flexibility involves	Existence of liquid investments	Ability to sell idle assets	Availability of cash and bank balance	All of the above	
30	Key dimensions of management evaluti	Track record	Strategy	Performance	All of the above	
31	Project Risk analysis includes	Relativity to business integation	Size of the project	Debt equity	All of the above	
32	Credit Risk is also refered to as	Default Risk	Performance Risk	Counterparty Risk	All of the above	
33	Credit quality analysis involves	Concentration risk	Settlement Risk	Country Risk	All of the above	
34	Credit assessment methods include	Judgemental method	Expert system	Statistical models	All of the above	
35	Exper system is based on :	Judgement	6Cs of credit	Study of financial statements	All of the above	
36	Credit scoring model is	Mathematical	Statistical	Rigourous	All of the above	
37	Z'score model is for prediction of	Bank ruptcy	Financial status	Operational performance	None of the above	
38	Credit management is concerned with	Identification and selection of borrower	Identificaiton of risk	Identification of default	All of the above	
39	Credit management is	Backward looking	Forward looking	Professional looking	All of the above	
40	Credit risk management is concerned wi	Probability of default	Probability of repayment	Probability of sales	All of the above	
41	Goals of credit Risk management incluc	Maintain Risk-return discipline	Fix proper exposure limit	Maintain balance between credit risks and other risks	All of the above	
42	Expected Losses is the	Average loss rate	Future losses	Past losses	None of the above	
43	Credit var is	a worst loss	a future loss	a past loss	None	
44	Counterparty Risk is a risk	to each party of a countract	to some parties of a contract	to one party to a contract	none	
45	Counterparty selection is done on the basis of	Credit rating	Credit spread	Experience in trading	All of the above	
46	RM process includes	Identification of hazards	Risk assessment	Tactical Risk decision	All of the above	

47	Hedging strategies include	Arbitrage	Averaging	Off set	All of the above	
48	Operational hedging strategies include	Reserves and redundancy	Diversification	Risk sharing and transfer	All of the above	
49	Value based management includes	Creating value	Managing for value	Measuring value	All of the above	

1) Appraisal cost includes __________
   A. Inspection tools
   B. Rework
   C. Scrap
   D. Repair
2) Following is not a stage in product life cycle ___________
   A. Introduction
   B. Growth
   C. Market Survey
   D. Maturity

3) Irrelevant cost Includes ___________
   A. Sunk cost
   B. Committed cost
   C. Non-cash expenses
   D. All of the above

4) Strategic Financial Management focuses on ____________
   A. Wealth Creation
   B. Capital Appreciation
   C. Wealth Creation and Capital Appreciation
   D. None of the above
5) Cost of training is _____________
   A. Acquisition cost
   B. Initial cost
   C. Disposal cost
   D. All of the above

6) Process of carrying out a plan in a skilful way is ____________
   A. Management
   B. Strategy
   C. Skill
   D. None of the above

7) Relevant cot affects ____________
   A. Future cash flow
   B. Present cash flow
   C. Past cash flow
   D. All of the above

8) Strategies are based on ______________
   A. Practical experiences
   B. Theoritical knowledge
   C. Past knowledge
   D. None of the above

9) Planning is a ___________
   A. Future oriented activity
   B. Past oriented activity
   C. Present oriented activity
   D. None of the above

10) Following is not an initial cost ____________
   A. R & D
   B. Designing
   C. Quality control
   D. Cost of transport

11) Planning is thinking ___________
   A. Before the action takes place
   B. After the action takes place
   C. At the action takes place
   D. None of the above

12) Strategies are _____________
   A. Dynamics
   B. Flexible
   C. Static
   D. Both a and b

13) Cash management strategy is _____________
   A. To collect cash from debtors fast
   B. To delay collection from debtors
   C. Pay expenses in advance
   D. Pay suppliers in advance

14) Plan to achieve a particular purpose is ____________
   A. Strategic
   B. Strategy
   C. Planning
   D. Goal

15) Strategic Financial Management takes into account ___________
    A. Integrated view
    B. Holistic view
    C. Integrated and Holistic View
    D. None of the above

16) Strategic Financial Management Caters to the interest of ____________
    A. All shareholders
    B. All customers
    C. All suppliers
    D. All stakeholders

17) Wealth maximisation means _____________
    A. Maximisation of wealth
    B. NPV
    C. IRR
    D. Profit

18) Strategic and management involves use of cost data for development of ___________
    A. Superior cost strategies
    B. Good cost strategies
    C. Better cost strategies
    D. Inferior cost strategies

19) Management's most important mission is to ______________
    A. Maximize shareholders wealth
    B. Maximize profit
    C. Maximize sales
    D. Liquidity management

20) Shareholder's wealth is measured by the product of number of shares owned, multiplied with the current ______________
    A. MPS
    B. EPS
    C. EVA
    D. CVA

21) Target costing is a ___________
    A. Tool for reducing overall cost
    B. Target to be achieved
    C. Target to be hit
    D. None of the above

22) TQM is to create _____________
    A. Quality awareness among the employees
    B. Ownership awareness among the employees
    C. Both a and b
    D. None of the above

23) Equity shareholders are _______________
   A. Creditors
   B. Owners
   C. Loan creditors
   D. None of the above

24) Public Deposits are ___________
   A. Secured
   B. Unsecured
   C. Non Refundable
   D. None of the above

25) Zero interest bonds are issued at ___________
   A. Discount
   B. Premium
   C. Par
   D. None of the above

26) An appropriate capital structure is ______________
   A. Flexible
   B. Conservator
   C. Minimum risk of loss of control
   D. (a), (b), (c)

27) The factor which is not relevant for determination of debt equity mix ____________
   A. Taxation
   B. Nature of Asset base
   C. Industry Norms
   D. Viability of Cash Flows

28) Financial decisions are based on ____________
   A. Cost of capital
   B. Capital
   C. Fixed Assets
   D. None of the above

29) Cost of obtaining another rupee of new capital is ___________
   A. Marginal cost
   B. Average cost
   C. Specific cost
   D. None of the above

30) The security which has controlling right is __________
   A. Preference shares
   B. Debentures
   C. Equity shares
   D. Public deposit

31) Cost incurred for financing the project is _____________
   A. Historical cost
   B. Future cost
   C. Specific cost
   D. None of the above

32) Business plan is a source of ____________
   A. Information
   B. Authority
   C. Capital
   D. All of the above
33) Defining values and beliefs is a ____________
   A. Strategy
   B. Philosophy
   C. Target
   D. Goal
34) Infrastructure development has an impact on __________
   A. Reduction in production
   B. Reduction in poverty
   C. Reduction in cost
   D. Reduction in jobs

35) Seeing what you want your company to become is a ___________
   A. Vision
   B. Mission
   C. Target
   D. All of the above

36) To reduce cost by 10% is a __________
   A. Target
   B. Goal
   C. Mission
   D. Vision

37) For PPP there should be _____________
   A. Collaboration between public sector and private sector
   B. Cooperation between public and private sector
   C. Non-cooperation between public and private sector
   D. None of the above
38) Infrastructure finance is for ________________
   A. Infrastructure projects
   B. Government expenditure
   C. Municipal expenditure
   D. Private sector

39) What you want to achieve is a ________
   A. Mission
   B. Vision
   C. Target
   D. All of the above
40) Combined cost of various sources of capital is ___________
   A. Composite cost
   B. Marginal cost
   C. Specific cost
   D. None of the above

41) The security on which the rate of dividend is not fixed is ___________
   A. Equity shares
   B. Preference shares
   C. Debentures
   D. Public deposits

42) The two major sources of finance for a company are ___________
   A. Equity shares and Retained earnings
   B. Equity and Preference shares
   C. Equity and Profit
   D. Equity and Debt

43) The optimum capital structure is obtained when the market value per equity share is ___________
   A. Maximum
   B. Minimum
   C. Zero
   D. None of the above

44) Goodwill is ____________
   A. An intangible asset
   B. A fixed asset
   C. Realisable
   D. All of the above

45) While deciding net asset value fictitious assets _______________
   A. Should be considered
   B. Should not be considered
   C. Added to total assets
   D. None of the above

46) F.M.P. for yield valuation is ______________
   A. Future Profit
   B. Profit that would be available to equity shareholders
   C. Past Profit
   D. None of the above

47) The principles of D.D. include ____________
   A. Independence principle
   B. Prudence principle
   C. Comprehensiveness principle
   D. All of the above

48) _____________ considers the market in which a business sits.
   A. Commercial due diligence
   B. Finance due diligence
   C. Legal due diligence
   D. None of the above

49) Any non- trading income included in the profit should be __________
   A. Eliminated
   B. Added
   C. Ignored
   D. None of the above

50) The components of feasibility include _________
   A. Analysis of growth rate
   B. Analysis of strategic Buyout
   C. Structure of the industry
   D. All of the above

51) Financial due diligence provides peace of mind to ________
   A. Corporate Sector
   B. Financial Buyer
   C. Both Corporate and Financial Buyer
   D. None of the above

52) MBO occurs when __________
   A. Existing growth of the company is slow
   B. Management lacks managerial skill
   C. Existing management is very strong
   D. Both a and b

53) Negotiation includes the following ____________
   A. Evaluation of management team
   B. Business plan
   C. Review of market
   D. All of the above

54) __________ focusses on verifying the economic information provided and to assess the underlying performance of the business.

A. Commercial due diligence
B. Finance due diligence
C. Legal due diligence
D. None of the above

55) Fair value of a share is equal to _____________

A. Intrinsic value only
B. Yield value only
C. Average of Intrinsic and Yield value
D. None of the above

56) Finance due diligence report is due to ____________

A. Evaluation
B. Interpretation
C. Communication
D. All of the above

57) Financial advisor is to ___________

A. Evaluate the feasibility of Buyout
B. Value the business
C. Identify financial supporters
D. All of the above

58) While calculating capital employed ______________

A. Tangible trading assets should be considered
B. Intangible assets should be considered
C. Fictitious assets should be considered
D. None of the above

59) Normal profit is _____________

A. Average profit earned
B. Profit earned by similar companies in the same industry
C. Both a and b
D. None of the above

60) Goodwill is paid for obtaining _____________

A. Future benefit
B. Present benefit
C. Past benefit
D. None of the above

61) Quoted shares are those which are _______________
   A. Listed on the stock exchange
   B. Quoted daily
   C. Quoted by the seller
   D. Quoted by the buyer

62) Goodwill as per purchase of average profit method ___________
   A. Average profit
   B. Average profit * Amount of purchases
   C. Average profit * No. of years purchases
   D. None of the above

63) __________ covers intra-corporate and inter-corporate transactions.
   A. Commercial due diligence
   B. Finance due diligence
   C. Legal due diligence
   D. None of the above

64) Super profit is _______________
   A. Excess of average profit over normal profit
   B. Extra profit earned
   C. Average profit earned by similar companies
   D. None of the above

65) Value based management includes ____________
   A. Creating value
   B. Managing for value
   C. Measuring value
   D. All of the above

66) Counterparty Risk is a risk _______________
   A. To each party of a contract
   B. To some parties of contract
   C. To one party to a contract
   D. None of the above

67) Goals of Credit Risk Management includes to __________
   A. Maintain Risk-return discipline
   B. Fix proper exposure limit
   C. Maintain balance between credit risks and other risks
   D. All of the above

68) Credit management is ___________
   A. Backward looking
   B. Forward looking
   C. Professional looking
   D. All of the above

69) Risk Management is important due to _______________
   A. Globalised environment
   B. Increasing competition
   C. Regulatory authorities
   D. All of the above

70) Project Risk analysis includes ___________
   A. Relativity to business integration
   B. Size of the project
   C. Debt equity
   D. All of the above

71) Unsystematic risk is ____________
   A. Micro level
   B. Macro level
   C. Top level
   D. None of the above

72) Credit quality analysis involves __________
   A. Concentration risk
   B. Settlement risk
   C. Country risk
   D. All of the above

73) Key dimensions of management evaluation are ______________
   A. Track record
   B. Strategy
   C. Performance
   D. All of the above

74) Parameters used for assessment of business risk include _____________
   A. Diversification
   B. Seasonality
   C. Cost structure
   D. All of the above

75) Magnitude of risk must be _____________
   A. Documented
   B. Written
   C. Oral
   D. None of the above

76) Financial Risk Analysis includes _________
   A. Evaluation of future financial performance
   B. Review of Accounting quality
   C. Disclosure of material events
   D. All of the above
77) Risk can be ____________
   A. Systematic
   B. Unsystematic
   C. Internal
   D. All of the above
78) RM process includes ____________
   A. Identification of hazards
   B. Risk assessment
   C. Tactical Risk decision
   D. All of the above

79) Credit management is concerned with _____________
   A. Identification and selection of borrower
   B. Identification of risk
   C. Identification of default
   D. All of the above

80) Expected losses is the ___________
   A. Average loss rate
   B. Future losses
   C. Past losses
   D. None of the above

81) Financial flexibility involves ____________
   A. Existence of liquid investments
   B. Ability to sell idle assets
   C. Availability of cash and bank balance
   D. All of the above

82) 'Risk' is derived from _____________
   A. Italian word
   B. French word
   C. Latin word
   D. None of the above

83) 'Z' score model is for prediction of ____________
   A. Bankruptcy
   B. Financial status
   C. Operational performance

84) Hedging strategies include _____________

A. Arbitrage
B. Averaging
C. Off set
D. All of the above

85) Credit Risk Management is concerned with ___________

A. Probability of default
B. Probability of repayment
C. Probability of sales
D. All of the above