

ROYAL COLLEGE OF ARTS ,SCIENCE & COMMERCE

SUBJECT:FINANCIAL MANAGEMENT

CLASS:TYBAF SEM VI

SAMPLE QUESTION PAPER SET

TOTAL QUESTIONS: 20

TOTAL MARKS:40

N.B:EACH QUESTION CARRIES TWO MARKS

- 1) By demerger, a corporate body
  - a) Splits into two or more entities
  - b) Combination of two or more entities
  - c) Purchase of one entity
  - d) Winds up completely.
  
- 2) In case of Operating lease
  - a) Lessee cannot be the owner of Asset
  - b) Lessee can be the owner of Asset
  - c) Asset remains with the lessor
  - d) Asset is leased out for whole life
  
- 3) Due to Asset taken on Lease basis
  - a) Higher taxes are paid by lessee
  - b) More capital is required
  - c) Borrowing capacity is increased
  - d) Borrowing capacity is constant
  
- 4) MPBF refers to
  - a) Maximum Permissible Bank finance
  - b) Minimum permissible bank finance
  - c) Bank overdraft
  - d) Cash credit
  
- 5) Following data is available:  
NOPAT= ₹200,000  
Capital employed ₹400,000  
WACC= 8%.  
Calculate EVA
  - a) ₹168,000
  - b) ₹68,000
  - c) ₹158,000
  - d) ₹1,62,000

- 6) Factoring involves
- Sale of Debtors
  - Sale of Creditors
  - Discounting of Bills of exchange
  - Forfaiting
- 7) In Factoring, credit investigation is done by
- Buyer
  - Seller
  - Factor
  - Mutually by seller and factor as per terms
- 8) Punj lyod Ltd. has 8,000 equity shares of ₹ 100 each fully paid. Each share is sub-divided into 10 equity shares of ₹ 10 each. The number of shares after sub-division will be
- 8,000
  - 80,000
  - 75,000
  - 60,000
- 9) Provision for taxation is ₹ 1,50,000. The tax liability of the company is settled at ₹80,000 & it is paid immediately.  
Amount credited to capital reduction is
- ₹ 80,000
  - ₹ 1,00,000
  - ₹ 70,000
  - ₹ 60,000
- 10) 6 % debentures of ₹ 100 each ₹ 1,00,000 to be converted into such number of 8 % debentures of ₹ 100 each as to generate the same amount of interest as before. The amount of 8 % debentures will be
- ₹ 1,00,000
  - ₹ 25,000
  - ₹ 75,000
  - ₹ 1,20,000
- 11) In Internal reconstruction, method of calculation of purchase consideration is by
- Net Asset Method
  - Net Payment Method
  - No purchase consideration required
  - Lump sum method
- 12) The scheme of capital reduction is to be approved by
- High Court
  - SEBI
  - Central Government
  - Shareholders

13) The scheme of internal reconstruction involves

- a) one company
- b) two companies
- c) three companies
- d) many companies

14) EPS depends on

- a. Net profit available to equity shareholders
- b. Net profit available to preference shareholders
- c. All stakeholders
- d. Majority equity shareholders

15) MVA is

- a) Market Value Added
- b) Machinery Value Added
- c) Monetary value added
- d) Money value added

16) In Non recourse factoring bad debts are borne by

- a) Factor
- b) Client of factor
- c) Shared between factor and client of factor
- d) Borne by defaulting customers

17) In hire purchase, the depreciation on assets is charged by

- a) Hire vendor
- b) Hire purchaser
- c) Hire purchaser with consent of Government
- d) Financing company

18) Super Profit is ₹19,167 and the Normal Rate of Return is 10 %.

Goodwill as per Capitalization of Super Profit method will be

- a) ₹1,91,670
- b) ₹1,90,600
- c) ₹1,67,910
- d) ₹1,95,000

19) Market price per share is

- a)  $EPS \times PE$  ratio
- b)  $EPS/PE$  ratio
- c) Dividend per share  $\times$  PE ratio
- d)  $EPS \times 100$

20) ABC acquires PQR .Market price of PQR is ₹20 and EPS is ₹5.The P.E. Ratio of PQR will be

- a) 4
- b) 0.25
- c) 1.25
- d) 5