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(Final Term Past Paper)

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Question No : 3 of 60 **Marks: 1 (Budgeted Time 1 Min)**

A public limited Company had sales of Rs.2 million this year. The marketing manager expects sales to grow at a 10 percent compound annual rate over the next 10 years. On this basis, which of the following is the closest amount of sales in 10 years?

Answer (Please select your correct option)

- Rs.5,187,485.
- Rs.2,593,722.
- Rs.4,622,885.
- Rs.5,081,309.

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Question No : 4 of 60 | **Marks: 1 (Budgeted Time 1 Min)**

Which of the following refers to the budgetary constraint placed by a firm on its investment projects?

Answer (Please select your correct option)

- Capital rationing
- Working capital management
- Cash budgeting
- None of the given options

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Question No : 5 of 60 **Marks: 1 (Budgeted Time 1 Min)**

Which of the following is determined by variance of an investment's returns?

Answer (Please select your correct option)

- Volatility of the rates of return.
- Probability of a negative return.
- Historic return over long periods.
- Average value of the investment.

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Question No : 6 of 60 — Marks: 1 (Budgeted Time 1 Min)

If the common stocks of a company have beta value equal to 1, then such stocks refer to which of the following?

Answer (Please select your correct option)

- Normal stocks
- Aggressive stocks
- Defensive stocks
- Income stocks

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Question No : 18 of 60

Marks: 1 (Budgeted Time 1 Min)

Which of the following are the primary sources of capital to the firm?

Answer (Please select your correct option)

- Net income, Retained earnings and Bank loans
- Bonds, Preferred stock and Common stock
- Operating profits, Extraordinary gains and Dividends
- Amortization cash flow, Net income and Retained earnings

Question No : 23 of 60 **Marks: 1 (Budgeted Time 1 Min)**

Mr. Asad buys inventory on credit on Jan. 01, 2009 worth Rs.10,000 settle the creditor on Mar. 01, 2009. After a month (on Apr. 01, 2009), a debtor buys finished goods Rs.14,000 and pays for that on May 15, 2009. What is the accounts receivable period in the given scenario?

Answer (Please select your correct option)

- 45 days
- 60 days
- 90 days
- 120 days

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Question No : 24 of 60 **Marks: 1 (Budgeted Time 1 Min)**

Mr. Joseph Steve has changed the working capital policy of his company recently. As a result, the liquidity for the company has decreased but an increase in profitability has been observed alongside. From this information we can conclude that the company must have changed his working capital policy from ________ to ________.

Answer (Please select your correct option)

- Conservative; Aggressive
- Aggressive; Moderate
- Aggressive; Conservative
- None of the given options

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Question No : 25 of 60 Marks: 1 (Budgeted Time 1 Min)

When the firm considers working capital management, the trade-off between risk and return is affected by all of the following **EXCEPT**:

Answer (Please select your correct option)

- The pattern of cash borrowing needs of the firm
- The difference between long-term and short-term interest rates
- The ratio of cash to marketable securities
- The debt maturity schedule

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Question No : 36 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is NOT among the categories of foreign risk?

Answer (Please select your correct option) **PAGE 130....BY HADI**

- Transaction exposure
- Translation exposure
- Local exposure
- Economic exposure

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Question No : 37 of 60

Marks: 1 (Budgeted Time 1 Min)

Which of the following is a standard contract between buyer and seller in which the buyer has a binding obligation to buy a fixed amount, at a fixed price and on a fixed date of some underlying security?

Currency Futures:

A currency future is a standard contract between buyer and seller in which the buyer has a binding obligation to buy a fixed amount, at a fixed price and on a fixed date of some underlying security.

Fixed amount = contract size

Fixed date = delivery date

Fixed price = future price

Answer (Please select your correct option)

- Currency option
- Currency future
- Indenture
- None of the given options

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Question No : 38 of 60 Marks: 1 (Budgeted Time 1 Min)

Minimum price movement of a future contract is termed as:

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Ticks:

Answer (Please select your correct option)

- Float
- Spread
- Tick
- None of the given options

Question No : 39 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is(are) used for hedging against the interest rate risk?

Answer (Please select your correct option)

- Forward rate agreements
- Interest rate future
- Interest rates options
- All of the given options

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Question No : 40 of 60 Marks: 1 (Budgeted Time 1 Min)

An investor buys 5 options on shares of at a price of Rs 50 per share. Each option consists of 100 shares and premium paid is Rs. 2 per share. What would be the total option cost for investor if the share price is Rs. 55 at the expiry of option?

Answer (Please select your correct option)

- Rs. 1,000
- Rs. 1,500
- Rs. 2,500
- Rs. 25,000

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Question No : 51 of 60 | Marks: 1 (Budgeted Time 1 Min)

The credit policy of a public company is 1/10, net 30. At present 25% of the customers take the discount. What would be the position of accounts receivable, if all customers avail the cash discount?

Answer (Please select your correct option)

- Account receivable would be lower than the present level
- No change from the present level
- Account receivable would be higher than the present level
- Unable to determine without more information

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Question No : 54 of 60 **Marks: 3 (Budgeted Time 6 Min)**

How financial distress of a firm could be gauged?

Answer (Please click here to Add Answer)

Normal | Arial | 12 | 100%

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Question No : 55 of 60 Marks: 3 (Budgeted Time 6 Min)

How it is decided to exercise an Option Contract or allowed it to lapse? Briefly explain.

Answer (Please click here to Add Answer)

Question No : 56 of 60 **Marks: 5 (Budgeted Time 10 Min)**

What are the reasons behind valuing the shares of the company while considering the merger transaction?

Answer (Please click here to Add Answer)

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Question No : 57 of 60 — **Marks: 5 (Budgeted Time 10 Min)**

What is the difference between purchase mergers and consolidation mergers? Which of these is usually preferred by acquiring companies?

Answer (Please click here to Add Answer)