VIRTUAL UNIVERSITY OF PAKISTAN

(Final Term Past Paper)

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Question No : 1 of 60

Marks: 1 (Budgeted Time 1 Min)

Which of the following statements is TRUE regarding Profitability Index?

Answer (Please select your correct option)

- It ignores time value of money
- It ignores future cash flows
- It ignores the scale of investment
- It ignores return on investment

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Question No : 2 of 60 Marks: 1 (Budgeted Time 1 Min)

Which one of the following is an offering in which the shares of a company are offered to a limited number of investors?

Answer (Please select your correct option)

- Initial Public Offering
- Private Placement
- Direct Public Offering
- Primary Offering

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Question No : 7 of 60

Marks: 1 (Budgeted Time 1 Min)

Which of the following is a necessary condition for issuing shares through Initial Public Offerings (IPO's)?

Answer (Please select your correct option)

- The firm must have a stable dividend policy
- The firm must have a low cost of capital
- The firm must have a low level of debt
- The firm must be listed on the stock exchange

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Question No : 12 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following statements does not apply to the factoring of accounts receivable?

no idea

Answer (Please select your correct option)

- The firm can usually draw on its account with the factor before the receivables are collected, although it will be charged interest on the amount borrowed.
- The factor usually relieves the firm of credit checking and collection expenses.
- The typical factoring arrangement is continuous.
- The firm is always liable for any receivables not collected by the factor.

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Question No : 13 of 60 | **Marks: 1 (Budgeted Time 1 Min)**

Employees' buyout occurs through which of the following?

Answer (Please select your correct option)

- ○ Employee stock ownership plan
- ○ Employees' dividend scheme
- ○ Employee empowerment scheme
- ○ Employee long-term benefit scheme

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Question No : 14 of 60 Marks: 1 (Budgeted Time 1 Min)

Which one of the following statements is CORRECT regarding Option?

Answer (Please select your correct option)

- An option creates an obligation for the holder
- An option creates a right and not the obligation for the holder
- Option seller is the option holder
- Option writer is the option holder

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Question No : 15 of 60 — Marks: 1 (Budgeted Time 1 Min)

All of the following are true regarding the cash flow statement **EXCEPT**:

Answer (Please select your correct option)

- Cash outflows are shown in parentheses to indicate that payments must be subtracted
- This statement explains the causes of the change in the cash balance
- This statement reports information as of a certain date and is, therefore, dated like the balance sheet
- This statement classifies cash transactions as operating, investing, or financing

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Question No : 16 of 60 — **Marks: 1 (Budgeted Time 1 Min)**

A(n) ___________ is a payment of additional shares to shareholders in lieu of cash.

Answer (Please select your correct option)

- Stock split
- Stock dividend
- Extra dividend
- Regular dividend

Question No : 17 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is a proposition of Miller and Modigliani theory of Capital structure?

check book

Answer (Please select your correct option)

- ○ Value of a firm is independent of its capital structure
- ○ Value of a firm is independent of its level of debt
- ○ Value of a firm is dependent of its cost of capital
- ○ Value of a firm is independent on its level of equity finances

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Question No : 27 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is the correct definition for "spread" in cash management?

Answer (Please select your correct option)

- The difference between upper limit and lower limit of cash balances
- The difference between optimal cash balance and Nominal Cash balance
- The difference between opening cash balance and ending cash balance
- The difference between optimal cash balance and ending cash balance

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Question No : 29 of 60 Marks: 1 (Budgeted Time 1 Min)

In inventory management system, which of the following is considered as the storage cost of inventory?

Answer (Please select your correct option)

- Reorder cost
- Stock out cost
- Safety cost
- Carrying cost

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Question No : 34 of 60 **Marks: 1 (Budgeted Time 1 Min)**

Which of the following statements best describes the anti-takeover tool of "Pac-man"?

Answer (Please select your correct option)

- A plan or tactic intended to make a hostile corporate takeover prohibitively expensive.
- The target company defends itself by threatening to take over the acquirer and begins buying its common shares.
- The target company makes significant efforts to resist a takeover bid e.g. by a major acquisition, issue new shares.
- None of the given options

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Question No : 35 of 60

Marks: 1 (Budgeted Time 1 Min)

In which of the following forms of acquisition, the firm is acquired by the managers of an outside firm?

Answer (Please select your correct option)

- Management Buyout
- Management Buy-In
- Leverage Buyout
- None of the given options

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Question No : 45 of 60 Marks: 1 (Budgeted Time 1 Min)

Countries with ______ interest rate register capital inflow and result in appreciation in exchange rate.

Answer (Please select your correct option)

- High
- Low
- Moderate
- None of the given options

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Question No : 46 of 60 — Marks: 1 (Budgeted Time 1 Min)

Which of the following rates is determined by the private market through supply and demand?

A floating exchange rate is determined by the private market through supply and demand....by team hadi

Answer (Please select your correct option)

- Fixed rate
- Floating rate
- Stable rate
- None of the given options

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Question No : 47 of 60 Marks: 1 (Budgeted Time 1 Min)

Between 1870 and 1914, the globally fixed exchange rate was accepted in which the currencies were linked to which of the following?

Answer (Please select your correct option)

- Any commodity
- Diamond
- Gold
- Wheat

Question No : 48 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is an assumption of capital asset pricing model?

The CAPM is based on the assumption that all investors have identical time horizon. The core of this assumption is that investors buy all the assets in their portfolios at one point of time and sell them at some undefined but common point in future.

Answer (Please select your correct option)

- Portfolio beta must be greater than 1
- Portfolio beta must be less than 1
- Portfolio beta must be equal to 1
- Portfolio beta must be 2

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Question No : 49 of 60 **Marks: 1 (Budgeted Time 1 Min)**

With respect to the Cash flow statement, which of the following would be considered as a cash inflow?

Answer (Please select your correct option)

- Sale of inventory on cash basis
- Purchase of Inventory
- Increase in account receivables doubt
- Can not be determined