

**Advanced Financial Management**

**304-FIN**

Multiple Choice Questions.

Q. No	Questions	Answer
1	Basic objective of financial management is A. Maximization of profits B. Maximization of shareholders wealth C. Ensuring financial discipline in the firm D. All of these	B
2	Financial management is mainly concerned with A. Efficient management of every activity of business B. Arrangement of funds required to the firm C. Obtaining required funds in the appropriate mix and utilizing them efficiently D. All of these	C
3	Financial management helps in A. Short-term planning of company's activities B. Estimating the total funds requirement and their proper utilization in fixed assets and working capital C. Profit planning of the firm D. All of these	B
4	Which of the following is not a function of finance manager? A. Mobilization of funds B. Deployment of funds C. Control over use of funds D. Manipulate share price of the Company	D
5	Financial structure refers to A. Short term resources B. All the financial resources C. Long term resources D. All of these	B
6	This security is known as variable income security A. Debentures B. Preference shares C. Equity shares D. None of these	C

7	<p>Real ownership of a company rests with</p> <p>A. Board of directors B. Equity shareholders C. Preference shareholders D. All of these</p>	B
8	<p>Preference share is a _____ security compared to equity share</p> <p>A. Senior B. Junior C. Equal D. None of these</p>	A
9	<p>Which of the following features of preference shares are similar to those of equity shares?</p> <p>A. Redeemability B. No obligation to pay dividend C. Voting rights D. Charge over assets</p>	B
10	<p>Which one of the following is not a source of long-term finance?</p> <p>A. Equity capital B. Preference capital C. Debenture capital D. Commercial paper</p>	D
11	<p>A cumulative preference share is one</p> <p>A. In which all the unpaid dividends are carried forward and payable B. Which allows the issuing company the right to call the preference shares wholly or partly at a certain price C. Which can be converted into redeemed shares D. Which can be redeemed</p>	A
12	<p>Which of the following, from the firm's point of view, can be considered as the advantage of using equity capital as a source of long-term funds?</p> <p>A. If does not involve any fixed obligation for payment of dividends B. Equity dividends are payable from post-tax earnings. They are not tax-deductible expenses</p>	D

	<p>C. It enhances the creditworthiness of the Company D. Both A and C</p>	
13	<p>Long term finance is required for A. Current assets B. Fixed assets C. Intangible assets D. None of these</p>	B
14	<p>Long term sources of finance are also required for A. Permanent part B. Temporary part C. Both A and B D. None of these</p>	A
15	<p>Cost of equity capital is A. Lesser than the cost of debt capital B. Equal to the last dividend paid to the equity shareholders C. Equal to the dividend expectations of equity shareholders for the coming year D. None of the above</p>	D
16	<p>While calculating Weighted average cost of capital A. Retained earnings are excluded B. Bank borrowings for working capital are included C. Cost of issues are included D. Weights are always based on market value or on book value</p>	D
17	<p>Treasury notes that provide returns tied to inflation rate are classified as A. Clean price bonds B. Discount index bonds C. Premium index bonds D. Inflation index bonds</p>	D
18	<p>Which of the following is not an advantage of using book value weights for computing the cost of capital? A. The calculation of the weights is very simple B. Book value weights are likely to fluctuate less over a period as these are not affected by the</p>	D

	<p>fluctuations in market prices</p> <p>C. Book value weights are the only usable basis when market values are not obtainable or reliable</p> <p>D. Book value weights are consistent with the concept of cost of capital</p>	
19	<p>Cost of equity capital</p> <p>A. Is lesser than the cost of debt capital</p> <p>B. Is equal to the dividend rate expectations of equity shareholders for the coming year</p> <p>C. Is equal to the discounting factor which equates the market price from the equity issue to the present value of future dividend payments</p> <p>D. Is equal to the dividend rate declared on equity shares</p>	C
20	<p>The optimum capital structure is obtained when the market value per equity share is at</p> <p>A. Maximum</p> <p>B. Minimum</p> <p>C. Zero</p> <p>D. None of these</p>	A
21	<p>If the use of borrowing results in the fall of market value of share in the stock exchange, it can be said that the company is _____ from its optimum capital structure</p> <p>A. Moving away</p> <p>B. Moving towards</p> <p>C. Moving towards or moving away</p> <p>D. None of these</p>	A
22	<p>Which of the following is not a feature of an optimal capital structure?</p> <p>A. Profitability</p> <p>B. Safety</p> <p>C. Flexibility</p> <p>D. Control</p>	B
23	<p>According to the net operating income approach</p> <p>A. The equity capitalization rate remains constant with any increase or decrease in the degree of leverage</p> <p>B. The overall capitalisation rate of the firm decreases as the degree of leverage increases</p> <p>C. The market is assumed to capitalise the firm at a discount rate that is independent of the firm's degree</p>	C

	of leverage D. The cost of debt increases with increase in the degree of leverage	
24	Which of the following methods does a firm resort to avoid dividend payments? A. Share splitting B. Declaring bonus shares C. Rights issues D. All of the above	B
25	Dividend is a part of A. Divisible profit B. Retained earnings C. None of the above D. All of these	A
26	Dividend is distributed to the A. Debenture holders of a company B. Bankers of a company C. Shareholders of a company D. All of the above	C
27	Dividend policy of a company to a large extent affects the A. Financial structure B. Corporate liquidity C. Growth of the company D. All of the above	D
28	The most important and common form of dividend is A. Stock dividend B. Cash dividend C. Bond dividend D. Scrips dividend	B
29	The dividend which is paid without preparing final accounts of the company is called A. Interim dividend B. Bond dividend C. Scrips dividend	A

	D. None of the above	
30	Which one of the following are the relevance theory? A. Gordon B. Walter C. Residual D. Both A and B	D
31	For a project, benefit cost ratio is equal to one, then the A. IRR will be greater than one B. IRR will be greater than discount rate C. IRR will be lesser than discount rate D. IRR will be equal to discount rate	D
32	If the life span of two project is different, the appraisal method useful for evaluating the projects is A. Annual capital charge B. Accounting rate of return C. Net present value D. Pay-back period	A
33	While evaluating capital investment proposals, the time value of money is considered in case of A. Accounting Rate of return method B. Discounted cash flow method C. Pay period method D. All of the above	B
34	The return after the pay-off period is not considered in case of A. Present value index method B. Internal rate of return method C. Payback method D. All of the above	C
35	Depreciation is included in costs in case of A. Present value index method B. Accounting rate of return method C. Payback method D. All of the above	B

36	<p>The cash inflows on account of operations are presumed to have been reinvested at the cut off rate in case of</p> <p>A. Discounted cash flow method B. Accounting rate of return C. Payback method D. All of that above</p>	A
37	<p>Which of the following projects does not involve a capital budgeting decision?</p> <p>A. A proposal to purchase a computer system B. A proposal for a 5-year research and development programme by a car manufacturer to develop an engine that would get 100 miles per litre C. A proposal to replace a 2 -year-old company car with a new car D. A proposal by a retail food store to increase the number of cans of a particular tomato paste held in inventory</p>	D
38	<p>If net present value for a project is negative, then</p> <p>A. IRR less than cost of capital B. IRR greater than cost of capital C. IRR equals to cost of capital D. BCR greater than one</p>	A
39	<p>New capital budgeting decisions are evaluated using the existing cost of capital of the firm because</p> <p>A. The firm does not pay taxes B. The firm is assumed to be financed by all equity C. Cost of debt is always less than cost of equity D. New assets are assumed to have the same risk as existing assets</p>	D
40	<p>In a capital budgeting decision incremental cash flows means</p> <p>A. cash flows which are increasing B. cash flows occurring over a period of time C. cash flows directly related to the project D. difference between cash inflows and cash outflows for each and every expenditure</p>	D

41	<p>Which of the following statements regarding IRR are true?</p> <p>A. A project can have only one IRR</p> <p>B. If IRR is less than the firms cost of capital, the project should be rejected</p> <p>C. A project can have multiple IRRs depending on the cash flow streams</p> <p>D. Both B and C</p>	C
42	<p>Which of the following is not a drawback of the accounting rate of return criteria?</p> <p>A. It gives equal weightage to near flows and distant flows</p> <p>B. It is calculated using the accounting income and net cash flows</p> <p>C. The cut off ARR is arbitrarily fixed</p> <p>D. None of the above</p>	D
43	<p>Which of the is true about NPV?</p> <p>A. It considers all the cash flows</p> <p>B. It gives more weightage to distant flows than to near term flows</p> <p>C. It considers time value of money</p> <p>D. Both A and C</p>	D
44	<p>In relation to the financial management of a company, which of the following provides the best definition of a firm's primary financial objective?</p> <p>A. To achieve long term growth in earnings</p> <p>B. To maximize the level of annual dividends</p> <p>C. To maximize the wealth of its ordinary shareholder</p> <p>D. To maximize the level of annual profits</p>	C
45	<p>Which is the following main decision taken by the financial manager in a company?</p> <p>A. Income decision</p> <p>B. Financing decision</p> <p>C. Appraisal decision</p> <p>D. Budget decision</p>	B
46	<p>Which of the following is an example of a financial objective that a company might choose to pursue?</p> <p>A. Dealing honestly and fairly with customers on all occasions</p> <p>B. Provision of good working conditions and industrial relations</p> <p>C. Producing environmentally friendly products</p> <p>D. Restricting the level of gearing to below a specified target level</p>	D

47	Which of the following is LEAST likely to fall within financial management? A. The dividend payment to shareholders is increased B. Funds are raised to finance an investment project C. Surplus asset are sold off D. Non-executive directors are appointed to the remuneration committee	D
48	Which of the following tasks would typically be carried out by a member of the financial management team? A. Evaluating proposed expansion plans B. Review of overtime spending C. Depreciation of non-current assets D. Apportioning overhead to cost units	D
49	Which of the following is an example of an internal stakeholder in a firm? A. Company directors B. Customers C. Suppliers D. Finance providers	A
50	Which of the following would you expect to be the responsibility of financial management? A. Producing annual reports B. Producing monthly management accounts C. Advising on investment in non-current assets D. Deciding pay rates for staff	C
51	A company is considering a project which has an initial outflow followed by several years of cash inflows with a cash outflow in the final year. How many internal rates of return could there be for this project? A. Either zero or two B. Either one or two C. Zero, one or two D. Only two	C
52	The lower risk of a project can be recognized by increasing which of the following? A. The cost of the initial investment of the project B. The estimates of future cash inflows from the project C. The internal rate of return of the project D. The required rate of return of the project	B
53	Which is the main advantage of IRR? A. Considers the whole life of the project B. It is a measure of absolute return C. It is an accurate calculation D. It is useful when liquidity is poor	A

54	<p>The payback period is the number of years that it takes a business to recover its original investment from net returns. Which of the following statements is true?</p> <p>A. It is calculated before both depreciation and taxation          B. It is calculated before depreciation but after taxation          C. It is calculated after depreciation but before taxation          D. It is calculated after both depreciation and taxation</p>	B
55	<p>Which of the following statement about the Accounting Rate of Return (ARR) method and the payback method are true?</p> <p>A. Both methods are affected by changes in the cost of capital          B. The ARR does not take account of returns over the entire life of the project          C. A requirement for an early payback can increase a company's liquidity          D. None of the above</p>	C
56	<p>Which of the following is the best statement of the conclusion of Modigliani and Miller on the relevance of dividend policy?</p> <p>A. All shareholders are indifferent between receiving dividend income and capital gains          B. Increase in retentions results in a higher growth rate          C. Discounting the dividends is not an appropriate way to value the firm's equity          D. The value of the shareholders equity is determined solely by the firm's investment selection criteria</p>	D
57	<p>Which of the following statements concerning profit are correct?</p> <p>A. Accounting profit is not the same as economic profit          B. Profit takes account of risk          C. Gross profit margin is calculated as gross profit divided by shareholders funds          D. None of the above</p>	A
58	<p>If a geared companies asset beta is used in the CAPM formula (<math>r_j = r_f + \beta_j (r_m - r_f)</math>) what will <math>r_j</math> present?</p> <p>A. The WACC of the company          B. The ungeared cost of equity.          C. The geared cost of equity          D. The market premium</p>	B
59	<p>Which of the following does NOT directly affect a company's cost of equity?</p> <p>A. Return of assets          B. Expected market return          C. Risk free rate of return          D. The company's beta</p>	A

60	Type of bonds that have tangible property as a collateral are classified as A. Collateral security B. Collateral security C. Equipment trust certificates D. Equipment bonds	C
61	What is the dividend cover ratio a measure of? A. How many times the company's earnings could pay the dividend B. The interest or coupon rate expressed as percentage of the market price C. The returns to the investor by taking about of dividend income and capital growth D. How much of the overall dividend payout the individual shareholders are entitled to	A
62	Small and medium sized entities can have difficulty raising finance due to the maturity gap. Which of the following is the best explanation of the maturity gap? A. The lack of available funds from shareholders B. Venture capitalists need an exit route for their investment within a specific time period C. The business finds it difficult to obtain short term funding but easier to obtain long term funding secured against its non-current assets D. The lack of business history makes borrowing more money for lenders	C
63	An investor believes that they can make abnormal returns by studying past share price movements. In terms of capital market efficiency to which of the following does the investors belief relate? A. Fundamental analysis B. Operational efficiency C. Technical analysis D. Semi strong form efficiency	C
64	Asset based business valuations using net realizable values are useful in which of the following situations? A. When the company is being bought for the earnings / cash flow that all of its assets can produce in the future B. For asset stripping C. To identify a maximum price in a takeover D. When the company has a highly skilled workforce	B
65	In relations to capital markets, which of the following is true? A. The return from investing in larger companies has been shown to be greater than the average return from all companies B. Weak form efficiency arises when investors tend not to make rational investment decisions	D

	<p>C. Allocative efficiency means that transaction costs are kept to a minimum</p> <p>D. Research has shown that, over time, share prices appear to follow a random walk</p>	
66	<p>What does the term matching refer to?</p> <p>A. The coupling of two simple financial instruments to create a more complex one</p> <p>B. The mechanism whereby a company balances its foreign currency inflows and outflows</p> <p>C. The adjustment of credit terms between companies</p> <p>D. Contract not yet offset by futures contracts or fulfilled by delivery</p>	B
67	<p>The difference between the price of a futures contract and the spot price on a given date is known as</p> <p>A. The initial margin</p> <p>B. Basis</p> <p>C. Hedge efficiency</p> <p>D. The premium</p>	B
68	<p>Which of the following statements is correct?</p> <p>A. Once purchased, currency futures have a range of close out dates</p> <p>B. Currency swaps can be used to hedge exchange rate risk over longer periods than the forward market</p> <p>C. Banks will allow forward exchange contracts to lapse if they are not used by a company</p> <p>D. Currency options are paid for when they are exercised</p>	B
69	<p>Which of the following statements is true of a put option?</p> <p>A. It is the right to sell an asset at a fixed price</p> <p>B. It is an obligation to sell an asset at a fixed price</p> <p>C. It is the right to buy an asset at a fixed price</p> <p>D. It is an obligation to buy an asset at a fixed price</p>	A
70	<p>Which of the following measures will allow a UK company to enjoy the benefits of a favorable change in exchange rates for their Euro receivables contract while protecting them from unfavorable exchange rate movements?</p> <p>A. A forward exchange contract</p> <p>B. A put option for Euros</p> <p>C. A call option for Euros</p> <p>D. A money market hedge</p>	B

71	Which of the following are descriptions of basis risk? 1. It is the difference between the spot exchange rate and currency futures exchange rate 2. It is the possibility that the movements in the currency futures price and spot price will be different 3. It is the difference between fixed and floating interest rates 4. It is one of the reasons for an imperfect currency futures hedge A. 1 only B. 1 and 3 C. 2 and 4 only D. 2,3 and 4	C
72	----- refers to make up of a firm's capitalization A. Capital budgeting B. Capital structure C. Capital market D. Capital value	B
73	The arbitrage process is the behavioral foundation for the A. Net income approach B. Net operating income approach C. Modigliani Miller hypothesis D. Traditional approach	C
74	MM approach is similar to ----- approach A. Net operating income B. Net income C. Traditional D. None of the above	A
75	----- refers to that EBIT level at which EPS remains the same irrespective of the debt equity mix A. Point of difference B. Point of indifference C. Point of division D. Point of index	B
76	The statement estimating amount of capital and determining its composition is termed as A. Operational plan B. Management plan C. Financial plan D. Investment plan	C
77	----- are the funds required for acquisition of assets that are to be used over and over again for a long period A. Fixed Capital B. Fluctuating capital C. Operating Capital D. None of the above	A

78	Trading on Equity is situation where the ROI is more than ---- rate A. dividend B. interest C. loss D. profit	B
79	The period of revival of business activity is termed as the period of – A. Recovery B. Activity C. Loss D. Recession	A
80	Cost of capital comprises premium both for business and ----- risks A. Financial B. Business C. Capital D. Overwriting	A
81	Cost of each component of capital is termed as ----- cost A. Opportunity B. Fixed C. Specific D. Explicit	C
82	According to traditional approach, cost of capital is affected by  A. Debt equity mix  B. Liquidity solvency mix  C. Capital gearing mix  D. None of the above	A
83	According to ----- approach, the investor arrives at the market price of an equity share by capitalizing the set of expected dividends payments  A. MM  B. Net operating income  C. Operating income  D. Dividend price	D

84	<p>In case of ----- weights method, weights are assigned to each source of funds in proportion of financing inputs the firm intends to employ</p> <p>A. Marginal B. Average C. High D. Low</p>	A
85	<p>MM approach assumes that ----- markets are perfect</p> <p>A. Secondary B. Primary C. Capital D. Investment</p>	C
86	<p>Cost of capital serves as ----- rate for capital investment decisions</p> <p>A. Cut off B. Cut on C. Interest D. Dividend</p>	A
87	<p>The policy concerning quantum of profits to be distributed as dividends is termed as</p> <p>A. Interest policy B. Bonus policy C. Dividend policy D. None of the above</p>	C

88	The company must implement the bonus issue decision within ----- of the directors' approval  A. 6 months B. 3 months C. 9 months D. 11 months	A
89	The most appropriate dividend policy is payment of  A. High dividend per share B. Low dividend per share C. Constant dividend per share D. None of the above	C
90	The declaration of bonus issue in lieu of ----- should not be made  A. Interest B. Capital C. Dividend D. Profit	C
91	A company having easy access to the capital markets can follow a ----- dividend policy  A. Strict B. Liberal C. Standard D. None of the above	B
92	----- is a pictorial representation in tree form which indicates the magnitude, probability and inter relationship of all possible outcomes  A. Sensitivity analysis B. Decision tree	B

	<p>C. Risk adjustment analysis</p> <p>D. Capital budgeting</p>	
93	<p>While evaluating capital investment proposals, the time value of money is considered in case of</p> <p>A. Pay back method</p> <p>B. Discounted cash flow method</p> <p>C. Accounting rate of return method</p> <p>D. Profitability index method</p>	B
94	<p>The return after the pay off period is not considered in case of</p> <p>A. Pay back method</p> <p>B. Internal rate of return method</p> <p>C. Present value index method</p> <p>D. Profitability index method</p>	A
95	<p>Depreciation is included in costs in case of</p> <p>A. Pay back method</p> <p>B. Accounting rate of return method</p> <p>C. Present value index method</p> <p>D. None of the above</p>	B
96	<p>The cash inflows on account of operations are presumed to have been reinvested at the cut off rate in case of</p> <p>A. Pay back method</p> <p>B. Accounting rate of return method</p> <p>C. Discounted cash flow method</p> <p>D. Profitability index method</p>	C

97	<p>Financial management is mainly concerned with</p> <p>A. Arrangement of funds</p> <p>B. All aspects of acquiring and utilizing means of financial resources for firms' activities</p> <p>C. Efficient management of every business</p> <p>D. Acquiring capital assets</p>	B
98	<p>CAPM accounts for</p> <p>A. Unsystematic risk</p> <p>B. Systematic risk</p> <p>C. Both a and b</p> <p>D. None of the above</p>	A
99	<p>Financial management helps in</p> <p>A. The estimation of total requirements of funds and monitoring effective deployment of funds in fixed assets and working capital</p> <p>B. Long term planning of company's activities Profit planning for the organization</p> <p>D. None of the above</p>	A
100	<p>In his traditional role the financial manager was responsible for</p> <p>A. Arrangement and efficient utilization of funds</p> <p>B. Arrangement of financial resources</p> <p>C. Acquiring capital assets for the organization</p> <p>D. All the above</p>	B
101	<p>The term ----- refers to the part of the profits of a company which is distributed amongst its shareholders</p> <p>A. Dividend</p> <p>B. Interest</p>	A

	<p>C. Capital</p> <p>D. Profit</p>	
102	<p>The dividend decision of the firm is taken by ----</p> <p>A. Risk manager</p> <p>B. Marketing manager</p> <p>C. Purchase manager</p> <p>D. Finance manager</p>	D
103	<p>Who strongly supports the doctrine that dividend policy almost always affects the value of the enterprise?</p> <p>A. Myron Gordon</p> <p>B. John Linter</p> <p>C. James Walter</p> <p>D. Modigliani and Miller</p>	C
104	<p>Which of the following external factors affect the dividend policy?</p> <p>A. General state of economy</p> <p>B. State of capital market</p> <p>C. Legal restrictions</p> <p>D. All of the above</p>	D
105	<p>In the foreign exchange market, the ----- of one country is traded for the ---- of another country</p> <p>A. currency; currency</p> <p>B. currency; financial instruments</p> <p>C. currency; goods</p> <p>D. goods; goods</p>	A

106	<p>A forward currency transaction</p> <p>A. is always at a premium over the spot rate</p> <p>B. means the delivery and payment must be made within one business day or two business days after the transaction date</p> <p>C. calls for exchange in the future of currencies at an agreed rate of exchange</p> <p>D. none of the above</p>	C
107	<p>The date of settlement for a foreign exchange transaction is referred to as</p> <p>A. clearing date</p> <p>B. swap date</p> <p>C. maturity date</p> <p>D. value date</p>	D
108	<p>Hedging is used by companies to</p> <p>A. decrease the variability of tax paid</p> <p>B. increase the variability of expected cash flows</p> <p>C. decrease the variability of expected cash flows</p> <p>D. increase the variability of tax paid</p>	C
109	<p>Which of the following is not a type of foreign exchange exposure?</p> <p>A. tax exposure</p> <p>B. translation exposure</p> <p>C. transaction exposure</p> <p>D. economic exposure</p>	A

110	<p>Which of the following is not an interest rate derivative used for interest rate management?</p> <p>A. Swap</p> <p>B. Cap</p> <p>C. Floor</p> <p>D. All of the above</p>	D
111	<p>Foreign currency forward market is</p> <p>A. an over the counter unorganized market</p> <p>B. organized market without trading</p> <p>C. organized listed market</p> <p>D. unorganized listed market</p>	D
112	<p>Interest rate swaps are usually possible because international financial market in different countries are</p> <p>A. efficient</p> <p>B. perfect</p> <p>C. imperfect</p> <p>D. both a and b</p>	C
113	<p>floating exchange rate is</p> <p>A. is determined by the national governments involved</p> <p>B. remains extremely stable over long periods of time</p> <p>C. is determined by the actions of central banks</p> <p>D. is allowed to vary according to market forces</p>	D
114	<p>The Bretton Woods accord</p> <p>A. of 1879 created the gold standard as the basis of international finance</p> <p>B. of 1914 formulated a new international monetary system after the collapse of the gold standard</p>	C

	<p>C. of 1944 formulated a new international monetary system after the collapse of the g old standard</p> <p>D. None of the above</p>	
115	<p>The current system of international finance is a</p> <p>A. gold standard</p> <p>B. fixed exchange rate system</p> <p>C. floating exchange rate system</p> <p>D. managed float exchange rate system</p>	D
116	<p>A simultaneous purchase and sale of foreign exchange for two different dates is called</p> <p>A. currency devalue</p> <p>B. currency swap</p> <p>C. currency valuation</p> <p>D. currency exchange</p>	B
117	<p>The Purchasing Power Parity should hold</p> <p>A. Under a fixed exchange rate is given</p> <p>B. Under a flexible exchange rate regime</p> <p>C. Under a dirty exchange rate regime</p> <p>D. Always</p>	B
118	<p>Which of the following may be participants in the foreign exchange markets?</p> <p>A. bank and non-bank foreign exchange dealers</p> <p>B. central banks and treasuries</p> <p>C. speculators and arbitragers</p> <p>D. all of the above</p>	D

119	Which of the following trade policies limits specified quantity of goods to be imported at one tariff rate?  A. quota  B. import tariff  C. specific tariff  D. all of the above	A
120	Nations conduct international trade because  A. Some nations prefer to produce one thing while others produce other things  B. Resources are not equally distributed among all trading nations  C. Trade enhances opportunities to accumulate profits  D. Interest rates are not identical in all trading nations	B
121	The portfolio investment by foreign institutional investors is called  A. FDI  B. FII  C. Balance of Payment  D. SDR	B
122	Which of the following is an institution of World Bank? A. IBRD  B. IDA  C. IFC  D. All the above	D
123	An acquisition is the same thing as  A. a spin-off  B. a takeover  C. a merger	B

	D. an amalgamation	
124	<p>The ways in which mergers and acquisitions occur do not include:</p> <p>A. horizontal integration</p> <p>B. diversification</p> <p>C. conglomerate takeover</p> <p>D. vertical integration</p>	B
125	<p>Financial motives for Mergers and Acquisitions do not relate to:</p> <p>A. corporation tax</p> <p>B. value added tax</p> <p>C. unemployed tax shields</p> <p>D. earnings per share</p>	B
126	<p>Managerial motives for Mergers &amp; Acquisitions do not relate to:</p> <p>A. dividends</p> <p>B. Power</p> <p>C. Emoluments</p> <p>D. Job security</p>	A
127	<p>The three broad approaches to company valuation do not include</p> <p>A. inventory valuation</p> <p>B. stock market valuation</p> <p>C. future earnings valuation</p> <p>D. asset valuation</p>	A

128	Asset based company valuations do not include the A. Realizable value method B. Book value method C. Marginal cost method D. Replacement cost method	C
129	Earnings-based company valuations do not include the A. ABC method B. P/E method C. ARR method D. DCF method	A
130	Other reasons for company valuations do not include A. tax evasion B. capital gains tax assessment C. inheritance tax assessment D. security for loans	A
131	Banking or banking action that is consistent with main beliefs of Shariah and its realistic application from beginning to end improvement of Islamic economics is A. Islamic banking or financing B. Development bank C. All the above D. Conventional banking	A
132	A number of Islamic banks were formed to provide to this particular banking market in late A. 18th century B. 19th century C. 20th century D. none of these	C

133	A bank is considered as a custodian and trustee of money is  A. Wadiah B. Safekeeping C. A and B D. Hibah	C
134	Banks are dealing a large number of commodities and services and facing a strong competition to attract  A. Potential buyers B. Potential customers C. Potential employees D. Potential sellers	B
135	Word Musharika is originated from Arabic word Sharikah meaning  A. Friends B. Ijarah C. Lessor D. Partnership	D
136	The good reasons for Merger and Acquisition do not include  A. increasing earnings per share B. supporting value-added growth C. complementing business strategies D. stopping a competitor merging or taking over	A
137	Negotiation of a selling price among two parties exclusive of reference by seller to either costs or asking price is  A. ijarah wa iqtina	C

	<p>B. ijarah</p> <p>C. Musawamah</p> <p>D. Musharika</p>	
138	<p>Sukuk is Arabic name stand for</p> <p>A. financial liabilities</p> <p>B. financial certificates</p> <p>C. financial assets</p> <p>D. financial loans</p>	B
139	<p>A pioneering attempt, in Shariah compliant investments banking was undertaken in 1963 in</p> <p>A. Oman</p> <p>B. Saudia Arabia</p> <p>C. Egypt</p> <p>D. Pakistan</p>	C
140	<p>Strategy involves</p> <p>A. Senior managers and board members</p> <p>B. Managers at all levels</p> <p>C. Managers at all levels</p> <p>D. Senior management</p>	C
141	<p>Strategic plans are</p> <p>A. Forecasts</p> <p>B. Long term</p> <p>C. Short term</p> <p>D. Budgets</p>	B

142	<p>The strategic plan of a business may not be most successful if</p> <p>A. Assumptions are made available to all managers</p> <p>B. It is based on realistic levels of performance</p> <p>C. There is full communication and participation</p> <p>D. Managers are given demanding targets</p>	D
143	<p>Strategic planning is not the process of</p> <p>A. Deciding on policies regarding resources</p> <p>B. Deciding on levels of pay</p> <p>C. Deciding on resources required to meet objectives</p> <p>D. Deciding on organizational objectives</p>	B
144	<p>The purpose of strategic planning is not to consider</p> <p>A. Dividend policy</p> <p>B. Long term financing</p> <p>C. Methods of tax evasion</p> <p>D. Expected growth</p>	C
145	<p>The term Euro currency markets refers to</p> <p>A. The countries which have adopted Euro as their currency</p> <p>B. The market in which Euro is exchanged for other currencies</p> <p>C. The market where the borrowing and lending of currencies take place outside the country of issue</p> <p>D. The international foreign exchange market</p>	C