

**Sample Question Paper**

**Subject- Financial Management**

**Subject code 13**

Note – This is a sample Question paper for student's exam reference only, might be pattern of paper can be change in actual examination.

Q.1 Can profit pool be defined as the total profit earned in an industry at all points along the industry's value chain?

1. Yes
2. No

**Correct Answer :-Yes**

Q.2 Recurring Finance Function involves:-

1. Planning for raising & allocation of funds
2. Financial readjustment in times of liquidity crises
3. Valuation of the enterprise
4. None of these

**Correct Answer :-**

**Planning for raising & allocation of funds**

Q.3 Financial Management covers:-

1. Investment
2. Financing
3. Dividend
4. All of these

**Correct Answer :-**

**All of these**

Q.4 According to Ploughing Back principle, a firm should focus more on internal funds for its needs for expansion, modernisation and replacement.

1. TRUE

2. FALSE

**Correct Answer :-**

**TRUE**

Q.5 Financial statements consists two major statements:-

1. Balance Sheet and Income Statement
2. Balance Sheet and Fixed Assets
3. Working Capital and Ratio Analysis
4. All of these

**Correct Answer :-**

**Balance Sheet and Income Statement**

Q.6 Suppose an investor is considering the purchase of stock of either company Gama or Beta. Each stock is being sold at Rs. 60 /- share. According to following data, an analysis of the earning trends shows brighter future to company Beta than Gama.

Company	2000	2001	2002	2003	2004
Gama EPS	1.20	1.40	1.80	2.25	2.40
Beta EPS	2.40	2.50	2.25	2.10	2.40

1. True
2. False

**Correct Answer :-**

**False**

Q.7 When the term fund is used in the sense of cash, fund's statement turns into:-

1. Receipts and payment
2. Increase or decrease in Asset
3. Increase or decrease in Liabilities
4. None of these

**Correct Answer :-**

**Receipts and payment**

Q.8 A function performed by credit department of firm does not include:-

1. To survey market conditions
2. To place orders as per requirement

3. To keep record of stores
4. All of these

**Correct Answer :-**

**All of these**

Q.9 Current assets required on continuous basis over the entire year is known as:-

1. Gross Working Capital
2. Net Working Capital
3. Permanent Working Capital
4. Variable Working Capital

**Correct Answer :-**

**Permanent Working Capital**

Q.10 It should be suggested that a large volume of finished goods should be held in store.

1. TRUE
2. FALSE

**Correct Answer :-**

**FALSE**

Q.11 A company having track record of earnings and paid dividend for at least 3yrs out of past 5yrs can issue:-

1. Preference shares
2. Cumulative preference shares
3. Non voting equity shares
4. None of these

**Correct Answer :-**

**Non voting equity shares**

Q.12 Following are the disadvantages of right offerings:-

1. 1) It is sold at lower prices
2. 2) Dilution of shares
3. Both 1 & 2
4. None of these

**Correct Answer :-**

## Both 1 & 2

Q.13 ESOP means:-

1. Equity stock opinion plan
2. Equity shareholders option plan
3. Employees stock ownership plan
4. Employees stock option plan

**Correct Answer :-**

**Employees stock option plan**

Q.14 Buy back of shares in a financial year shall not exceed \_\_\_\_\_ percentage of free reserves &

equity of the company.

1. 5
2. 20
3. 25
4. 50

**Correct Answer :-**

**25**

Q.15 Which of the following is true?

1. In refunding & conversion bond, outstanding bond is substituted by new bond
2. In refunding & conversion bond, outstanding bond is substituted by stock
3. In refunding outstanding bond is substituted by new bond while in conversion bond current bond is exchanged for stock
4. In refunding outstanding bond is substituted by stock while in conversion bond current bond is exchanged for outstanding bond

**Correct Answer :-**

**In refunding outstanding bond is substituted by new bond while in conversion bond current bond is exchanged for stock**