

Bank Financial Management

QUESTIONS BASED ON FINANCIAL MANAGEMENT

1) The Yield to Maturity of a bond is the same as:

- a) The present value of the bond
- b) The bonds internal rate of return**
- c) The future value of the bond
- d) None of these

2) Choose from the following a symptom which is not relating to "Over Trading".

- a) Cash shortage
- b) Low inventory turnover ratio**
- c) Low current ratio
- d) High inventory turnover ratio

3) The formula to calculate the present value of a single cash flow is given by:

- a) $CF_1 / (1+r)^n$**
- b) $C_2 / (1+r)$
- c) $C_0 + C / (1+r)^n$
- d) None of these

4) The effect of purchasing power or inflation on present value is important because _____:

- a) It increases the real value of cash flows received in the future
- b) It reduces the real value of cash flows received in the future**
- c) It has no effect on real value of cash flow received in the future
- d) None of these

5) An Asset is _____:

- a) Sources of funds
- b) Use of funds**
- c) Inflow of funds
- d) None of these

6) If a company revaluates its fixed assets, the current ratio of the company will:

- a) Improve if assets are revalued upward
- b) Remain unaffected**
- c) Improve if assets are revalued downwards
- d) Undergo change only if liabilities are remaining constant

7) If we were studying a sample of 100 students and their examination performance and if the standard deviation of the list of results was say 14, then we could calculate the standard error by _____:

- a) Dividing the square root of the number of items in the sample by the mean
- b) Dividing standard deviation by number of items in the sample
- c) Dividing the standard deviation by the square root of the number of items in the sample
- d) We cannot calculate standard error on account of inadequacy of information**

8) Rule of 72 as a short cut method is explained by the formula:

- a) 72 divided by the annual interest rate**
- b) Annual interest rate dividend by 72

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- c) 72 divided by (annual interest rate multiplied by discount factor)
- d) None of these

9) Tangible net worth is calculated as:

- a) Capital + Reserves
- b) Capital + Reserves – Intangible Assets
- c) Capital + Fictitious Assets + Reserves – Intangible assets
- d) Capital + Reserves – Fictitious Assets and intangible assets**

10) A researcher chooses a Sample by using a Sampling frame and taking the item that corresponds to the nth number in the list. This procedure is called:

- a) Simple Random Sampling
- b) Systematic Sampling**
- c) Stratified Sampling
- d) Quota Sampling

11) A uniform discount rate cannot be applied for comparing different type of investments e.q. building property v/s PPF because of:

- a) Return difference**
- b) Risk
- c) Liquidity
- d) None of these

12) Cash can be conserved by resorting to:

- a) Maximum quantity of stock
- b) Minimum level of creditors
- c) Best credit terms with suppliers**
- d) None of these

13) Choose a sentence which speaks inappropriately about earning per share (EPS).

- a) It indicates the net profit earned per share
- b) It influences dividend policy of the firm
- c) It does not influence the market price of the share**
- d) It does not influence the share holding pattern of the company.

14) Sources of financing project cost excludes:

- a) Leasing
- b) Subsidy
- c) Deferred Credit
- d) Trade Credit**

15) Under Cash Budget System method employed for construction activities the working capital is determined by:

- a) Ascertaining level of current assets
- b) Ascertaining level of current liabilities
- c) Finding cash gap after taking into account projected periodical cash inflows and outflows**
- d) All of the above

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16) Which of the following statements is true?

- a) A Cash Credit is a running account
- b) Cash Credits may become long term in nature due to repeated rollovers
- c) Overdrafts are allowed only against the security of inventories
- d) **Both 'a' and 'b' above**

17) A project is more acceptable for finance:

- a) Break even point is high
- b) **IRR is higher than the cost of capital**
- c) Both a and b above
- d) None of these

18) Term Loans are provided for:

- a) **Meeting capital cost of the project**
- b) Funding promoters contribution
- c) Meeting working capital needs of the enterprise
- d) None of these

19) A company is offered discount of 2% on its suppliers if payment is made within 10 days, as against no discount for a credit period of 45 days. If cost of capital is 18%, Company should ____:

- a) **Avail of the discount**
- b) Pay the creditors on 45th day
- c) Pay the creditors between 11th and 45th day
- d) None of these

20) Raw material consumed is equal to:

- a) Opening Stock + Purchases
- b) **Opening Stock+Purchases–Closing Stock of raw material**
- c) Purchasing – Closing stocks
- d) None of these

21) How do profits made from normal operations retained in business appear in the balance sheet?

- a) Under Capital
- b) **Under capital, reserves & surplus**
- c) Under cash in hand, at bank
- d) None of these

22) Debentures are classified as:

- a) **Long Term Debt**
- b) Short Term Loan
- c) Owned funds
- d) Owned funds if raised from shareholders

23) Working Capital Gap means:

- a) Excess of Current Assets over Current Liabilities
- b) **Excess of Current Assets over Current Liabilities other than bank borrowings**
- c) Excess of Current Assets over Current Liabilities including working Capital term loan
- d) None of these

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24) Choose the order which indicates the working capital cycle of a manufacturing firm:

- a) Cash → raw material → work in progress → finished goods → sales → debtors → cash
- b) Cash → Debtors → raw material → work in progress → sales → finished goods → cash
- c) Raw material → work in progress → finished goods → cash → sales → debtors → cash
- d) Cash → finished goods → raw material → work in progress → sales → debtors → cash

25) C-V-P analysis contribution means:

- a) Excess of selling price over variable costs
- b) Fixed cost plus profit (or minus loss)
- c) Both 'a' and 'b' above
- d) None of these

26) If you were to choose to receive Rs. 15,000/- today or Rs. 18,000/- four years from now or Rs. 19,000/- seven years from now, which option would you choose based on the time value concept? Assume the current interest rate is 4%:

- a) Rs. 15,000/- today
- b) **Rs. 18,000/- four years from now**
- c) Rs. 19,000/- seven years from now
- d) I would be indifferent

27) What is the present value of Rs. 10,000/- to be received three years from now at a interest rate of 4.5%?

- a) Rs. 10920.25
- b) Rs. 9157.30
- c) **Rs. 8762.97**
- d) Rs. 11411.65/-

28) Minimum Stock level is calculated as:

- a) **Re-order level – (Average usage x Average Lead Time)**
- b) Re-order level + (Average usage + Average Lead Time)
- c) Re-order level – (Average usage + Average Lead Time)
- d) None of these

29) Find the interest rate, if the present value is Rs. 100/- and future value becomes Rs. 115.76 in three years:

- a) 4%
- b) **5%**
- c) 6%
- d) 7%

30) Choose the statement which speaks appropriately about the feature of net present value (NPV).

- a) It has no application in mutually exclusive projects.
- b) It assumes that cash flows resulting during the life cycle of project have an opportunity cost equal to the discount rate used
- c) **It assumes that cash flows resulting during the life cycle of project have an opportunity cost equal to the IRR which generated them**
- d) It provides a percentage figure

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31) Which of the following will cause a decrease in the net operating cycle of a firm?

- a) Increase in work-in-process period
- b) Increase in the raw material storage period
- c) Increase in the average payment period**
- d) Increase in the average collection period

32) The impact of the inflation on working capital is direct. As a result, the amount of sales, the value of sundry debtors and closing stock etc:

- a) Increase**
- b) Decreases
- c) No Effect
- d) Difficult to say

33) Separate limits of working capital for Peak and normal non-peak level periods was recommended by

- a) Tandon Committee
- b) Naik Committee
- c) Chore Committee**
- d) None of these

34) What is the future value of Rs. 10,000 to be received at a savings interest rate of 4.5% after 3 years?

- a) Rs. 11411.66**
- b) Rs. 11920.25
- c) Rs. 8762.97
- d) Rs. 4157.30

35) Which one of the following sentence speaks aptly about liquidity ratio?

- a) It indicates the relationship between debt and equity
- b) It measures the efficiency of asset management
- c) It measures earning capacity of an enterprise
- d) It measures the short term slabs of an enterprise**

36) Calculate the present value of 6 years bond with 9% coupon rate and maturity value of Rs. 1000/-. If the current interest rate is 12%.

- a) Rs. 843.83
- b) Rs. 1025.57
- c) Rs. 876.66**
- d) Rs. None of these

37) Money has time value because:

- a) The individual prefer future consumption to present consumption
- b) A rupee today is worth more than a rupee tomorrow in terms of purchasing power**
- c) A rupee today can be productive, deployed to generate real returns tomorrow
- d) Both 'b' and 'c' above

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- 38) Which one of the following sentence relating to dividend per share (DPS) is not correct.
- a) DPS represent what the equity share holders are theoretically entitled to receive as dividend from a company
 - b) DPS represents dividend per equity share paid to the share holders
 - c) DPS is paid on the paid up value of shares
 - d) DPS is in respect of equity shares
- 39) Vipin owns an infrastructure bond which pays a semi annual coupon of Rs. 45/-. The bond will mature in seven years and will repay the principal of Rs. 1000/- at maturity, if the yield curve shows that 7 year Infrastructure Bonds have 6 monthly yield of 4% at the current time how much is Vipin's bond worth?
- a) **Rs. 1052.82**
 - b) Rs. 1042.82
 - c) Rs. 1045.00
 - d) Rs. 1000.00
- 40) Narinder wishes to have Rs. 10,000 in his bank account to buy a car for his 35th birth day which is two years away. He can invest his money in a two year Fixed Deposit which pays an annually compounded rate of 6%. How much must he put into the fixed deposit now to achieve his goal?
- a) Rs. 8900.96
 - b) Rs. 9000.90
 - c) **Rs. 8899.96**
 - d) Rs. 8890.90
- 41) Balance sheet of a company indicated that its Current Ratio is 1.5. Company's net working capital is Rs. 1 crore. The current assets would amount to _____:
- a) **Rs. 3 crores**
 - b) Rs. 1.5 crores
 - c) Rs. 2.5 crores
 - d) None of these
- 42) Mohan is 23 and has started his first job in CTDI he plans to put aside Rs. 5000/- per year so that he can make nice down payment for a car in six years, if he deposits this amount at the end of each year and earns 8% on his money, how much will he have accumulated at the end of 6 years?
- a) Rs. 36000/-
 - b) Rs. 36666/-
 - c) **Rs. 36679/-**
 - d) None of these
- 43) Current Assets are either cash or cash equivalents or those which can be converted into the cash between _____:
- a) 2 years to 3 years
 - b) **1 day to 365 days**
 - c) 1 year to 3 years
 - d) 3 years to 5 years
- 44) Choose a correct sentence which describes accurately _____ about High Assets Turnover Ratio.
- a) It indicates of under utilization of assets
 - b) **It indicates an efficient and effective utilization of assets**
 - c) It indicates presence of "Idle capacity"
 - d) None of these

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45) Which of the following statements is false?

- a) Investments in shares and advances to other firms, not connected with the business is included in current assets
- b) Investments in shares and advances to other firms, not connected with the business is excluded from current assets
- c) Advances to other firms connected with the business included in the loans and advances
- d) Investments in shares of other firms is included in "investments" and shown in Balance Sheet at assets side

46) Interest on loan capital is:

- a) A deductible expenditure for the purpose of ascertaining taxable income
- b) A non-deductible expenditure for the purpose of ascertaining taxable income
- c) A capital expenditure and as such no tax shield is available
- d) None of these

47) Choose from following Ratios, a ratio which gives an insight into how efficiently the long term funds raised from owners and lenders are employed.

- a) Return on Equity (ROE)
- b) Return on Assets (ROA)
- c) Return on Capital Employed (ROCE)
- d) None of these

48) Which of the following statements is true?

- a) Taking term loan from bank is treated as revenue receipt and credited to profit and loss account
- b) Instalment of term loan payable is treated as revenue expenditure and is charged to profit and loss account
- c) **Installment of term loans payable within 12 months from the date of the balance sheet is classified under current liabilities**
- d) Installment of term loans payable within 12 months from the date of the balance sheet is classified under secured loans.

49) The Ratio which throw light on the operating efficiency or effective use of the facilities and resources, are calculated on the basis of:

- a) **Financial data take from profit and loss account**
- b) Financial data take from profit and loss a/c and balance sheet
- c) Financial data taken from balance sheet
- d) None of these

50) Which one of the following statements does not speak appropriate about net working capital?

- a) Excess of current assets over current liability is called net working capital (NWC)
- b) The greater the amount of net working capital (NWC), the more would be the liquidity of the enterprise
- c) **The greater the amount of bank borrowing for financing current assets, the more would be the liquidity of the enterprise**
- d) Net working capital is financed through equity as well as debt sources.

51) The relationship between the owned funds and the borrowed funds of the enterprises is depicted by:

- a) Current Ratio
- b) Proprietary Ratio
- c) **Debt Equity Ratio**
- d) None of these

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52) A company is having sales of Rs. 1,00,000/-, Fixed Cost of Rs. 20,000/-, Break Even Point at Rs. 80,000/- The profit would be:

- a) **Rs. 5000/-**
- b) Rs. Nil
- c) Rs. (-) 10,000
- d) Rs. 10,000/-

53) When the business is dependent heavily upon borrowed money and trade creditors the situation is called _____:

- a) Over capitalization
- b) **Under capitalization**
- c) High gearing
- d) None of these

54) Which of the following action results in a decrease in the total working capital of the firm?

- (I) Changing the method of packing the product. The new method results in a more attractive packet. The time required for packing one unit of finished goods and the inventory level of packing material remains the same.
- (ii) Changing the method of depreciation
- (iii) Decrease in wage rates
- a) Both i and ii
- b) Both ii and iii
- c) **Both I and iii**
- d) None of these

55) Choose the correct formula for the calculation of debt service coverage ratio from the following:

- a) $[PAT + \text{Interest on Term Loans} - \text{Lease Rental}] \div [\text{Repayment of instalments of Term Loan} + \text{Interest on Term Loans} + \text{Lease Rentals}]$.
- b) $[\text{Pat} + \text{Depreciation} + \text{Interest on Term Loans} + \text{Lease Rentals}] \div [\text{Interest on Term Loans} + \text{Lease Rentals}]$.
- c) **$[PAT + \text{Depreciation} + \text{interest on Term Loans} + \text{Lease Rentals}] \div [\text{Repayment of instalments of Term Loan} + \text{Interest on Term Loans} + \text{Lease Rentals}]$**
- d) None of these

56) If the price earning ratio is 25 and the market price is Rs. 40/- and the number of share are 100000. What is the amount of total earnings after tax?

- a) Rs. 1,00,000
- b) Rs. 40,00,000/-
- c) **Rs. 1,60,000/-**
- d) None of these

57) An inventory turnover Ratio is respect of finished goods of less than 1 will indicate.

- a) That the finished goods could be sold during the year
- b) **That the sale of finished goods could take more than a year**
- c) That the finished goods could not be sold any time.
- d) None of these

58) If net worth is Rs. 7 lac and intangibles assets are Rs. 2 lac then the tangible net worth will be _____:

- a) Rs. 4 lac
- b) **Rs. 5 lac**
- c) Rs. 9 lac
- d) None

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Answer Questions No. 59–60 based on the following information. Data is available in respect of HMT Ltd.

	31-3-2005	31-3-2004
PAT	800	720
Interest	1200	800
Dividend	550	550
Tax	250	220

59) What does the above data signify to the lenders in 2005?

- a) Happy signal to the lenders
- b) No happy signal to the lenders**
- c) Wait and watch signal to the lenders
- d) None of these

60) Find out the interest coverage ratio for 2004-05 and 2003-04?

- a) 0.66 and 0.90
- b) 0.87 and 2.17
- c) 0.88 and 1.90
- d) None of these**

Q. 61-62 are based on the following balance sheet of ABC Ltd. as on 31-3-2005 is as follows:

(Rs. in 000's)

Liabilities		Assets	
Share capital	50	Fixed Assets	70
Long term loans	40	Inventories	20
Rs. 5,000 payable in July 2004		Work in progress	10
Sundry Creditors	10	Sundry Debtors	20
Tax payable	10	Cash	15
Bills Payable	5		
Expenses Payable	12		
Provision for dividend	8		
Total	135		135

61) What is working capital?

- a) Rs. 15,000
- b) Rs. 20,000**
- c) Rs. 25,000
- d) Rs. 30,000

62) What is the current ratio of ABC Ltd.

- a) 1.4
- b) 1.30**
- c) 1.48
- d) 1.36

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Q. 63-64: The Balance Sheet of XYZ Ltd., as on 31-3-2006 is as follows:

(Rs. in lacs)

Liabilities		Assets	
Equity Shares of Rs. 10 each	200	Fixed Assets	500
Retained Earnings	200	Current Assets	
11% Debentures	300	Inventory	
Public Deposits	100	Raw Material	100
Trade Creditors	80	W.I.P.	150
Bills Payable	100	Finished Goods	75
		Debtors	100
		Cash / Bank	55
Total	980		980

63) As per 2nd Method of lending as per Tandon Committee the XYZ Ltd. a firm can avail working capital facility of:

- a) Rs. 180 lacs
- b) Rs. 200 lacs
- c) Rs. 285 lacs
- d) Rs. 80 lacs

64) As per 1st Method of lending as per Tandon Committee the XYZ Ltd., a firm can avail working capital facility of:

- a) Rs. 150 lacs
- b) Rs. 285 lacs
- c) Rs. 75 lacs
- d) **Rs. 225 lacs**

Questions Nos. 65 and 66 based on the following data:

	Unit A (Rs.)	Unit B (Rs.)
Fixed Cost	1,50,000	2,00,000
Variable Cost (Per Unit)	80	60
Sale Price (Per Unit)	100	100
Units per month	12,500	10,000
Capital Utilization	100%	100%

65) Break Even Point in terms of capacity utilization in case of Unit B in the above question is:

- a) 60%
- b) **50%**
- c) 40%
- d) 25%

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66) Break Even Point in terms of capacity utilization in case of unit A in above question is:

- a) 60%
- b) 50%
- c) 25%
- d) 40%

67) Working capital is the finance required for meeting current needs of any business concern or industry and represents the funds invested in

- a) Raw material, work in progress & finished goods
- b) Stores & spares
- c) Debtors & receivables
- d) **All of these**

68) Based on the operating cycle of the unit, the working capital requirement is computed by ascertaining the amount of money required for smooth conduct of the business on the following factors

- a) months stock of RM, WIP, FG, Consumable stores & spares
- b) months debtors representing credit sales
- c) One months expenses
- d) **All of these**

69) Based on the operating cycle of the unit, the working capital requirement is computed by ascertaining the amount of money required for smooth conduct of the business on the following factors

- a) Months stock of RM, WIP, FG, Consumable stores & spares
- b) Months debtors representing credit sales
- c) One months expenses
- d) **All of these**

70) Following is one of the methods in Discounted Cash Flow Technique

- a) Payback Period
- b) Average rate of return
- c) Discount to sales ratio
- d) **Net present value**

71) Acid Test Ratio establishes relationship between.....

- a) Cash in hand and at bank to term liabilities
- b) Book debts to current liabilities
- c) **Quick assets to current liabilities**
- d) None of these

72) Banks generally prefer debt equity ratio.....

- a) 1 : 1
- b) **2 : 1**
- c) 3 : 1
- d) 4 : 1

73) As per the recommendations of Chore Committee banks have been asked to ensure

- a) Borrowers deposit 50% of their net profit in time deposits
- b) Relax norms prescribed by Tandon Committee
- c) **Adopt 2nd Method of lending**

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d) Borrowers do not contribute more than 25% as margin

74) The quantum of working capital to be given to an industrial unit would depend upon.....

- a. Sales volume
- b. Purchases to be made
- c. Operating cycle
- d. Current assets needed to execute the projected sales and production levels**

75) Normally the maximum amount that can be granted as working capital to an industrial unit should not exceed.....

- a) Total current assets
- b) Total of current assets less liquid surplus
- c) Total of current assets less liquid surplus and creditors**
- d) Total of current assets less all current liabilities

76) Mean value of weekly income of 40 families is 265. But while calculation income of one family was read as 150 instead of 115. The correct mean is:

- a) Rs.264
- b) Rs.264.11
- c) Rs.264.15
- d) Rs.264.12**

77) A time series consists of data arranged _____.

- a) Tidely
- b) Chronologically**
- c) Haphazard
- d) None of these

78) While drawing a scatter diagram if all points appear to form a straight line going downward from left to right, then it is said, there is:

- a) (+) ve correlation
- b) (-) ve correlation**
- c) Perfect (-) ve correlation
- d) No correlation

79) Limit against Current Assets – 584, Creditors–Goods – 70, Creditors-others – 78, Unpaid expenses – 34, Provisions (Tax-26, Bonus-9, Dividend-12), Loan against Capital Goods,- 133, Inventory – 383, Investments – 221, Cash – 22, Marketable Securities – 67, Receivables – 243, Debtors – 147, Disputed Receivables – 15, Stagnant Finished Goods – 21. What is the Current Ratio.....

- a) 1.02**
- b) 1.06
- c) 1.11
- d) 1.22

80) Limit against Current Assets – 584, Creditors–Goods – 70, Creditors-others – 78, Unpaid expenses – 34, Provisions (Tax-26, Bonus-9, Dividend-12), Loan against Capital Goods,- 133, Inventory – 383, Investments – 221, Cash – 22, Marketable Securities – 67, Receivables – 243, Debtors – 147, Disputed Receivables – 15, Stagnant Finished Goods – 21. What is the Quick Ratio.....

- a) 0.53
- b) 0.55
- c) 0.57**
- d) 0.59

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81) Limit against Current Assets – 584, Creditors–Goods – 70, Creditors-others – 78, Unpaid expenses – 34, Provisions (Tax-26, Bonus-9, Dividend-12), Loan against Capital Goods,- 133, Inventory – 383, Investments – 221, Cash – 22, Marketable Securities – 67, Receivables – 243, Debtors – 147, Disputed Receivables – 15, Stagnant Finished Goods – 21. What is the Working Capital Gap.....

- a) 13
- b) 49
- c) **597**
- d) 633

82) Capital – 232, Reserves (Revaluation – 140, Investment – 33, Depreciation – 160, General – 60), Advances outstanding (Against Fixed Assets – 325, Against Current Assets – 491, Unsecured Term Loans – 154), Patents – 23, Accumulated Losses – 189. What is Debt-Equity Ratio.....

- a) 0.77
- b) **1.16**
- c) 1.55
- d) 2.35

83) Sales – 6857, Gross Profit – 1097, Net Profit – 165, Depreciation – 30, Cost of Production – 4457, Cost of Sales – 4704, Raw Material Consumed – 3743. What is Cost of Goods Sold Ratio.....

- a) 55%
- b) 65%
- c) 69%
- d) **84%**

84) Sales – 6857, Gross Profit – 1097, Net Profit – 165, Depreciation – 30, Cost of Production – 4457, Cost of Sales – 4704, Opening Stock – 310, Closing Stock - 367. What is Stocks Turnover Ratio.....

- a) 16.34
- b) **17.02**
- c) 19.45
- d) 20.26

85) Sales – 6857, Gross Profit – 1097, Net Profit – 165, Depreciation – 30, Cost of Production – 4457, Cost of Sales – 4704, Opening Finished Goods – 126, Closing Finished Goods - 151. What is Finished Goods Holding Period.....

- a) 10.75 days
- b) **11.34 days**
- c) 11.83 days
- d) 12.49 days

86) Sales – 6857, Gross Profit – 1097, Net Profit – 165, Depreciation – 30, Cost of Production – 4457, Cost of Sales – 4704, Opening Debtors (Total-243, Bad-15), Closing Debtors (Total-327, Bad-14). What is Debt Collection Period.....

- a) **14.40 days**
- b) 15.17 days
- c) 20.99 days
- d) 22.11 days

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87) Sales – 6857, Gross Profit – 1097, Net Profit – 165, Depreciation – 30, Cost of Production – 4457, Cost of Sales – 4704, Raw Material Consumed – 3743. Opening Stock – 184, Closing Stock – 159, Opening Creditors – 129, Closing Creditors – 70. What is the Creditors Turnover Ratio.....

- a) 37.62
- b) 37.37**
- c) 44.79
- d) 47.28

88) An SSI unit has been sanctioned Cash Credit (Hypo.) limit of Rs.20 Lac with 20% margin. What should be the value of security so that the borrower can utilize the limit fully

- a) Rs.15 Lac
- b) Rs.20 Lac
- c) Rs.25 Lac**
- d) Rs.30 Lac

89) An SSI unit has been sanctioned Cash Credit (Hypo.) limit of Rs. 20 Lac with 25% margin against paid stocks. Borrower has submitted the stock statement which indicates the stocks as Rs. 24 Lac with sundry creditors to the extent of Rs. 8 Lac. What is the drawing power.....

- a) Rs.9 Lac
- b) Rs.12 Lac**
- c) Rs.18 Lac
- d) Rs.20 Lac

90) Fixed Assets – 70000, Non Current Assets – 20000, Total Liabilities – 200000, Current Liabilities – 88000, Inventory – 21000. On the basis of above figures

- a) Net worth is 60000
- b) Term Loan is 70000
- c) Owned funds are 90000
- d) Current Assets are 110000**

91) Paid-up Capital – 80, Reserves & Surplus – 30, Sundry Creditors – 90, Term Loan from Banks – 40, Profit & Loss (Debit balance) – 10. What is the Tangible Net Worth.....

- a) Rs.100 Lac**
- b) Rs.110 Lac
- c) Rs.120 Lac
- d) Rs.140 Lac

92) A low Current Ratio may imply.....

- a) Shortage of Working Capital**
- b) Surplus of Working Capital
- c) Sufficient Working Capital
- d) Threshold Working Capital

93) As per Nayak Committee, the margin contribution of the SSI unit is _____ % of the annual projected turnover.....

- a) 5%**
- b) 10%
- c) 20%
- d) 25%

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94) Sale Price is Rs.10 per unit, Variable Cost is Rs.6 per unit, Fixed Cost is Rs.60000/-. What is the contribution per unit.....

- a) Rs.1.67
- b) **Rs.4.00**
- c) Rs.6.00
- d) Rs.16.00

95) Sale Price is Rs.10 per unit, Variable Cost is Rs.6 per unit, Fixed Cost is Rs.60000/-. What is the Break Even Point in terms of units.....

- a) 3750
- b) 10000
- c) **15000**
- d) 35928

96) Sale Price is Rs.12 per unit, Variable Cost is Rs.8 per unit, Fixed Cost is Rs.120000/- .What is the level of sales at BEP.....

- a) Rs.180000/-
- b) Rs.240000/-
- c) **Rs.360000/-**
- d) Rs.960000/-

97) Sale Price is Rs.10 per unit, Variable Cost is Rs.6 per unit, Fixed Cost is Rs. 60000/-. What level of sales be to achieve profits of Rs.20000/-.....

- a) Rs.80000/-
- b) Rs.133330/-
- c) **Rs.200000/-**
- d) Rs.479000/-

98) The Current Ratio of a company is constant for the last two years but the Quick Ratio increased from 1.00 to 1.60. Which of the following conclusions is certainly true about this company.....

- a) Recovery of dues is difficult
- b) Stocks in absolute terms have declined
- c) **Stocks as a %age of Current Assets have declined**
- d) Sales have declined

99) An SSI unit has been sanctioned Working Capital limit of Rs.60 Lac. What is the annual projected turnover of the unit.....

- a) Rs.2.40 Cr.
- b) **Rs.3.00 Cr.**
- c) Rs.4.00 Cr.
- d) Rs.5.00 Cr.

100) Debt Service Coverage Ratio (DSCR) indicates....

- a) Excess of Current Assets over Current Liabilities
- b) Number of times fixed assets cover borrowed funds
- c) **Number of times surplus covers interest & instalments of Term Loans**
- d) Effective utilization of assets

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