

**CAIIB - FINANCIAL MANAGEMENT – MODULE - A**

- 1) Current Price of a share is Rs. 100. The economic state is as follows

Economy	Probability	Price
Growth	0.6	130
Recession	0.4	90

Calculate the expected return for the stock

- a) 10%
  - b) 15%
  - c) 14%
  - d) 16%
- 2) What is the N P V of the following at 15%
- C A S H F L O W S
- |          |          |         |
|----------|----------|---------|
| t = 0    | t = 1    | t = 2   |
| -120,000 | -100,000 | 300,000 |
- a) 19,887
  - b) 80,000
  - c) 26,300
  - d) 40,000
- 3) An investment at 12% compound monthly is equal to annual rate
- a) 12.68%
  - b) 12.26%
  - c) 12%
  - d) 12.36%
- 4) In theory of Sampling “ the larger the size of the sample the greater the accuracy” is based on
- a) law of Statistical regularity
  - b) law of Inertia of large numbers
  - c) law of Statistical imperfection
  - d) law of large numbers
- 5) If  $P = 0.5$   
 $Q = 0.5$   
 $\sigma = 0.05$   
Find the sample size
- a) 1000
  - b) 100,000
  - c) 100
  - d) 10,000

- 6) In finding a sample of good & bad students asking students themselves Whether they are good or bad is a case of bias. Which of the following does the bias fall into
- a) faulty process of selection
  - b) faulty work during collection of data
  - c) faulty method of analysis
  - d) wrong choice of subject
- 7) When we want to study some unknown traits of a population , we use
- a) cluster sampling
  - b) stratified sampling
  - c) judgment sampling
  - d) systematic sampling
- 8) Which of the following is not a restricted random sample
- a) judgment sampling
  - b) stratified sampling
  - c) systematic sampling
  - d) cluster sampling
- 9) Which one of the following is not true
- a) probability sampling depends upon existence of detailed information
    - i. about the universe for its existence
  - b) probability sampling provides estimates which are essentially unbiased
    - i. & have reasonable precision
  - c) probability sampling requires a high level of skill and experience for its use
  - d) it is possible to evaluate the relative efficiency of various sample designs of various sample is used
- 10) In Correlation analysis which of the following is true
- a. the correlation may be due to pure chance in a small sample
  - b. correlation analysis tell us about cause & effect of relationship
  - c. correlation analysis does not tell us about degree of relationship
  - d. correlated variables cannot be influenced other variables

11) From the following data identify the correct alternative

X	10	20	30	40	50
Y	20	35	50	75	90

- a) positive & linear
- b) positive & curvilinear
- c) negative & linear
- d) negative & curvilinear

- 12) In the following X and Y are independent & dependent variables.  
Read the figures and answer.

X 1 2 3 4  
Y 5 13 12 25

- a) there is no correlation between X & Y  
b) there is +ve correlation between X & Y  
c) there is -ve correlation between X & Y  
d) there partial correlation between X & Y
- 13) In a study it was noticed that average height of sons of tall fathers is less  
i. than that of the fathers and vice versa . This is due to  
a) extension  
b) progression  
c) regression  
d) hypertension
- 14) Co-efficient of determination =  $r^2 = \frac{\text{explained variation}}{\text{Total variation}}$

Co-efficient of correlation = r

while r explains completely the relationship between the variables,  $r^2$  does not , because

- a)  $r^2$  is less than 1  
b)  $r^2$  is always +ve  
c)  $r^2$  is always -ve  
d)  $r^2$  as per formula cannot explain direction
- 15) For a normal distribution which of the following is true  
a) mode < mean < median  
b) mode > mean > median  
c) mean < median < mode  
d) mean = median = mode

- 16) Under a normal curve mean + 1.96 $\sigma$  is an area. Choose the correct one  
from the following  
a) 95.45% area  
b) 68.27% area  
c) 95.00% area  
d) 99.73% area

- 17) In a normal curve the area between  $z = -0.4$  &  $z = 0.6$  is  
a) 0.1554  
b) 0.2257

- c) 0.3811
- d) 0.4267

18) In a normal distribution 7% of items are under 35 then what % are between mean and 35

- a) 93%
- b) 65%
- c) 43%
- d) 86%

19) In a normal distribution for incomes mean = 750

Std deviation = 50 Population = 10,000

What is z value for income exceeding 650

- a) -2.00
- b) -1.50
- c) -1.25
- d) -1.75

In an aptitude test administered to 1000 students the average scores was 42 & Std. Dev. = 24. Answer the following questions( 24 to 27)

20) The number of students exceeding 50 marks

- a) 370
- b) 670
- c) 500
- d) 250

21) Students lying between 30 & 54 marks

- a) 383
- b) 463
- c) 373
- d) 293

22) Value of scores exceeded by top 100 students

- a) 70%
- b) 60%
- c) 73%
- d) 75%

23) No. of students getting scores < 50

- a) 600
- b) 540
- c) 630
- d) 660

- 24) Seasonal variations do not appear in annual figures since
- they occur infrequently
  - they are cycles which occur repeatedly over relatively short duration
  - figures may not be of requisite accuracy
  - it is difficult to index the figures
- 25) The fall in demand for automobiles causing closure of factory is case of
- seasonal variation
  - cyclical variation
  - irregular variation
  - secular trend
- 26) In the analysis of time series which of the following adjustments is not done while drawing up an index for de-seasonalising
- calendar variation
  - population changes
  - price changes
  - coding

Read the following data and fill in the blank

Year	production	moving average for 3 years
1990	10	
1991	20	20
1992	30	30
1993	40	40
1994	50	—
1995	75	

- 50
  - 55
  - 60
  - 65
- 27) A sampling ratio of 0.10 was used in a sample survey when population Size was 50. What is the finite population multiplier .
- 0.968
  - 0.10
  - 1.10
  - cannot be calculated from the given data.
- 28) As the confidence level increases for a confidence interval the width of the interval
- Increases
  - decreases

- c) remains unchanged
- d) a) or b)

29) Trend equation is  $Y = 25 + 0.4X$ , where Y is production figures, X is 1 year unit. Origin is 1960; shift origin to 1<sup>st</sup> Jan. 1961.  
The trend eqn. will now read as

- a)  $Y = 12.5 + 0.4X$
- b)  $Y = 25 + 0.2X$
- c)  $Y = 25 + 0.8X$
- d)  $Y = 12.5 + 0.2X$

30) A bond holder of a company has one of the following relationship with It .Identify

- a) shareholder
- b) depositor
- c) creditor
- d) employee

31) The relationship between the bond prices and interest rates is one of the Following

- a) direct & linear
- b) inverse & linear
- c) direct and curvilinear
- d) no relationship

A toy manufacturer produces bicycles(x) & scooters(y).

Read the following data and answer:

Max. availability of machines is 12 hrs and x takes 2 hrs. and y takes 4 hrs to make. The total cost of x & y is Rs. 400 & 12000 respectively.

The sale prices of x & y are Rs. 700 & 16000 respectively.

The amount available for daily production is Rs. 28000.

Labour available is for 16 hrs. labour requirement for x & y is 4 & 12 hrs respectively

Choose the correct option from each of the following ( 38 to 41 )

32) production constraint

- a)  $\frac{x + 2y}{4} \leq 6$
- b)  $4x + 2y \leq 12$
- c)  $2x + y \leq 6$
- d)  $9x + 6y \leq 12$

33) Financial constraint

- a)  $\underline{4x + 120y \leq 280}$
- b)  $4x + 12y \leq 28$
- c)  $12y + 4x \leq 28$
- d)  $120x + 4y \leq 280$

- 34) Labour constraint
- a)  $12x + 4y \leq 16$
  - b)  $x + 3y \leq 4$
  - c)  $3y + x \leq 4$
  - d)  $\underline{4x + 12y \leq 16}$

- 35) Profit equation
- a)  $\underline{7x + 160y}$
  - b)  $160x + 7y$
  - c)  $700x + 1600y$
  - d)  $70x + 160y$

The trend equation is  $Y = a + bX$

If  $N = 7$ ,  $\sum Y = 619$ ,  $\sum X = 0$ ,  $\sum XY = 141$ ,  $\sum X^2 = 28$

Answer the following( 36 to 39)

- 36) Value of a is
- a) 66.27
  - b) 85.55
  - c)  $\underline{88.43}$
  - d) 74.27
- 37) Value of b is
- a) 2.67
  - b)  $\underline{5.04}$
  - c) 3.45
  - d) 5.75
- 38) Equation  $Y = a + bX$  is
- a)  $Y = 66.27 + 2.67X$
  - b)  $Y = 85.55 + 3.45X$
  - c)  $\underline{Y = 88.43 + 5.04X}$
  - d)  $Y = 85.55 + 5.75X$
- 39) The monthly trend eqn. is
- a)  $Y = 5.52 + 0.2225X$
  - b)  $Y = 7.37 + 0.2875X$
  - c)  $\underline{Y = 7.37 + 0.035X}$
  - d)  $Y = 7.13 + 0.40X$

- 40) What is sampling for groups with considerable variation within but similar to each other called ?
- a) cluster
  - b) stratified
  - c) systematic
  - d) random

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