

BBA Semester – VI  
Ad. Financial Management – II  
July- August 2020 Examination

- Q 1. Capital Market deals with \_\_\_\_\_
- a. Short Term Funds
  - b. Medium and Long Term Funds
  - c. Both a and b
  - d. None of the Above
- Q 2. In Secondary segment of Capital Market \_\_\_\_\_
- a. Fresh Capital is raised
  - b. Trading of outstanding securities is done
  - c. Both a & b
  - d. None of the above
- Q 3. Which of the following is a role of Capital Market?
- a. Capital Formation
  - b. Promotion of Industrial Growth
  - c. Development of backward areas of the country
  - d. All of the Above
- Q 4. Funds can be raised in Primary Market through
- a. Public Issue by Prospectus
  - b. Private Placements
  - c. Rights Issues
  - d. All of the Above
- Q 5. Primary Market is a market for :
- a. New Issues
  - b. Outstanding Securities
  - c. Land Records
  - d. None of the above
- Q 6. When an organization opts to convert private capital in to public capital, it is called \_\_\_\_\_
- a. Going Out
  - b. Being Open
  - c. Being Listed
  - d. Going Public
- Q 7. Bonus Shares enable the company to restructure its capital.
- a. True
  - b. False

- Q 8. Which of the following enables issuers to reap benefits arising from price and demand discovery?
- Public Issue by Prospectus
  - Book Building
  - Listing
  - None of the above
- Q 9. Which one of the following is not a feature of a Stock Exchange?
- Organised Market
  - Dealing only Through Authorised Members
  - Necessary to remain present physically for dealing
  - Necessary to obey Rules and Bye-laws
- Q 10. SENSEX is an Index of which Stock Exchange?.
- NSE
  - OTCEI
  - MCX
  - None of the above
- Q 11. Inclusion of a security in the official list of a stock exchange is called \_\_\_\_\_ and for that the company has to apply with \_\_\_\_\_.
- Listing, Managing Committee of Stock Exchange
  - Enrollment, Managing Committee of Stock Exchange
  - Listing, Board of Directors of Stock Exchange
  - Registration, ROC
- Q 12. \_\_\_\_\_ was set up, as a strong need was felt to protect the interest of investors and to have a systematic and organized working of the securities market in India.
- Bombay Stock Exchange
  - National Stock Exchange
  - Over the Counter Exchange of India
  - Securities and Exchange Board of India
- Q 13. Collateral value of eligible Listed Securities is considered on ....
- Average market price
  - Marked to market basis
  - Reputation of the promoters
  - None of the above
- Q 14. SBTS stands for
- Securities Buying and Trading Society
  - Software Based Trading Services
  - Selling and buying through screen
  - Screen Based Trading System
- Q 15. Which is a mean to reduce the floating equity stock in the market?
- Sell off
  - Negotiate
  - Buy Back

- d. All of the above
- Q 16. Which Stock Exchange of India was the first to grant permission to brokers for internet trading?
- National Stock Exchange
  - Bombay Stock Exchange
  - Ahmedabad Stock Exchange
  - Kolkata Stock Exchange
- Q 17. Which Stock Exchange of India is based on the model of NASDAQ?
- BSE
  - NSE
  - ASE
  - OTCEI
- Q 18. At present securities are issued in which form?
- Rematerialised
  - Dematerialized
  - Bank Credit
  - None of the Above
- Q 19. One of the features of Capital Market is 'Ready and Continuous market' which provides \_\_\_\_\_ to the investors.
- Safety
  - Long term Guarantee
  - Liquidity
  - None of the above
- Q 20. In \_\_\_\_\_ market fresh capital is raised.
- Primary
  - Secondary
  - Intermediary
  - National
- Q 21. Which is the market for financial assets that are close substitutes for money?
- Monetary Market
  - Money Market
  - Capital Market
  - Currency Market
- Q 22. Return on Treasury Bills is \_\_\_\_\_
- Coupon Rate
  - Difference between Issue Price and Par Value
  - Negotiated
  - All of the above
- Q 23. Commercial Paper is generally issued by:
- Reputed Corporates
  - Reputed and highly rated Corporates
  - RBI on behalf of the Central Government
  - None of the above

- Q 24. Which Money Market instrument is a time deposit of specific maturity and issued in bearer form?
- Commercial Paper
  - Commercial Bill
  - Certificate of Deposit
  - Call Money
- Q 25. In which Money Market instrument default risk is absent?
- Commercial Paper
  - Certificate of Deposit
  - Treasury Bills
  - Inter Corporate Deposits.
- Q 26. Which of the following is considered to be the key segment of Indian Money Market?
- Call Money
  - Commercial Bill
  - Inter-Corporate Deposit
  - Inter-Bank Participations
- Q 27. Which of the following is an important tool to finance credit sales?
- Commercial Bill
  - Treasury Bill
  - Commercial Paper
  - Certificate of Deposit
- Q 28. Credit Rating performs the function of credit risk evaluation reflecting the borrower's expected capability to repay the debt as per terms of issue.
- True
  - False
- Q 29. Credit Rating is beneficial to :
- Subscribers
  - Regulators
  - Issuers
  - All of the above
- Q 30. First Credit Rating Agency of India is \_\_\_\_\_.
- CRISIL
  - CARE
  - CARE
  - Moody's Investor Service
- Q 31. CARE stands for :
- Credit Appraisal and Research Enterprise
  - Credit Analysis and Research Enterprise
  - Credit Analysis and Research Limited
  - Credit and Rating Enterprise.
- Q 32. Which of the following is not a part of rating methodology?
- Business Analysis
  - Financial Analysis
  - Management Evaluation

- d. Subscriber Evaluation
- Q 33. ICRA was promoted by \_\_\_\_\_ jointly with other leading investment institutions, commercial banks and financial service companies.
- ICICI
  - IFCI
  - IDBI
  - LIC
- Q 34. CRISIL was set up in which year?
- 1988
  - 1987
  - 1986
  - 1985
- Q 35. A statement demonstrating the movement of funds into and out of the business during the course of accounting period is known as \_\_\_\_\_
- Cash Flow Statement
  - Fund Flow Statement
  - Adjusted Profit & Loss Statement
  - Statement of changes in Working Capital
- Q 36. Analysis of funds is rightly called an Analysis of \_\_\_\_\_
- Working Capital
  - Current Assets
  - Current Liabilities
  - None of the above
- Q 37. Which of the following rules stands true while preparation of Schedule of changes in working capital?
- 1) An increase in current assets increases working capital.
  - 2) An increase in current assets decreases working capital.
  - 3) An increase in current liabilities decreases working capital.
  - 4) An increase in current liabilities increases working capital
- 1 and 3
  - 1 and 4
  - 2 and 4
  - 1, 2,3 and 4
- Q 38. Among the following items, which represents the source of fund?
- Increase in Capital
  - Borrowing / Loan
  - Profit from Business Operations
  - All of the above
- Q 39. Fund Flow Statement is also known as:
- Statement of Funds Flow
  - Statement of Sources and Application of Funds
  - Statement of Sources and uses of Funds
  - All of the above
- Q 40. Which of the following are sources of funds?

1. Issue of Bonus Shares
2. Issue of Shares against the purchase of Fixed Assets
3. Conversion of Debentures into Shares
4. Conversion of Loans into Shares

- a. A and C
- b. A and D
- c. All of the above
- d. None of the above

Q 41. Which of the following statements is true?

1. If the amount of good will increases during current year, the difference is treated as purchase of goodwill.
  2. If the amount of good will decreases during current year, It will treated as written off.
- a. Only 1
  - b. Only 2
  - c. Both 1 and 2
  - d. None of the above

Q 42. Which of the following are treated as long term investments?

- a. Non-current Investments
- b. Trade Investments
- c. Sinking Fund Investments
- d. All of the above

Q 43. The balance of fixed assets of Breej Ltd. at the end of 2018 and 2019 were Rs 5,70,800 and Rs 6,15,300. During the year 2019 a machinery costing Rs 60,000 was sold. Determine the purchase of fixed assets.

- a. Rs. 1,04,500
- b. Rs. 1,40,500
- c. Rs. 1,64,500
- d. Rs. 44,500

Q 44. For Ram Industries, the balance of property has been Rs 20,000 and Rs 17,000 in 2018 and 2019 respectively. The profit on sale of property of Rs 2000 is credited to Capital Reserves Account. New property costing Rs 5000 bought in 2019. Determine sale proceeds for property.

- a. Rs. 3,000
- b. Rs. 10,000
- c. Rs. 7,000
- d. Rs. 15,000

Q 45. For Meghal Industries Ltd. opening balance for Provision for Taxation is Rs. 18,000 and closing balance is Rs. 15,000. During the year Taxed paid were Rs. 10,000. What is the current year's Provision for Taxation made from the profit?

- a. Rs. 3,000
- b. Rs. 13,000
- c. Rs. 7,000
- d. Rs. 23,000

- Q 46. Which of the following are Non-current Assets?
- Land, Building and Plant
  - Bills Receivable
  - Debtors
  - Pre-paid Expenses
- Q 47. Which of the following are Current Liabilities?
- Sundry Creditors
  - Bank Overdraft
  - Outstanding Salaries
  - All of the Above
- Q 48. When a part of the Fixed Assets is sold during the year, the Profit on sale is shown on the credit side of which Account?
- Adjusted Profit and Loss Account
  - Profit and Loss Account
  - Fixed Assets Accounts
  - Liabilities Accounts
- Q 49. The Funds Flow and Cash Flow statements fail to give a clear idea about profitability of the company.
- True
  - False

Ans. a

- Q 50. Among the following items which item is shown on the debit side of Adjusted Profit and Loss Account?
- Depreciation and other Non-cash Adjustments
  - Appropriation of Profit
  - Provision for Taxation
  - All of the Above
- Q 51. Among the following items which does NOT represent the Application of Funds?
- Payment of Interim Dividend
  - Payment of Supervisor's Salary
  - Issue of Share Capital
  - Payment of Taxes
- Q 52. Until February 1973, which one of the following was prevalent in World Monetary System?
- Free Floating Exchange Rate System
  - Adjustable Peg Exchange Rate System
  - Bench marking Exchange Rate System
  - None of the above
- Q 53. Which one of the following is NOT referred to as 'Major' or 'Hard' Currency?
- US Dollar
  - French Frank
  - Euro
  - India Rupee
- Q 54. Rs. 75.17/USD is which type of quotation?

- a. Indirect Quote
- b. Direct Quote
- c. Bilateral Quote
- d. Cross Quote

Q 55. In a two way foreign exchange quotation, the difference between ask and bid prices is called \_\_\_\_\_.

- a. Difference
- b. Margin
- c. Spread
- d. None of the above

Q 56. Below data is available:

	Spot Exchange Rate	6 Month's Forward Rate
Rs./USD	75.17	Rs. 75.00

So, the forward rate is at \_\_\_\_\_

- a. Premium
- b. Discount
- c. At Par
- d. None of the above

Q 57. From the data given below which option is true?

	Spot	1 month's Forward
Rs./GBP	94.85	94.95

- a. 1 month's forward is at 1.27% premium
- b. 1 month's forward is at 0.11% premium
- c. 1 month's forward is at 1.27% discount
- d. 1 month's forward is at 0.11% discount

Q 58. The rate of exchange of two currencies on the basis of exchange quotes of other pairs of currencies are derived when a quote of home currency (or desired currency) to any other currency is not available in the Foreign Exchange market is called \_\_\_\_\_.

- a. Direct Quote
- b. Exchange Rate
- c. Cross Rate
- d. Dependent Rate

Q 59. Which of the below mentioned contract is a standardized contract?

- a. Futures Contract
- b. Forward Contract
- c. Both a and b
- d. None of the above

Q 60. An Option which can be exercised only on the maturity date is known as \_\_\_\_\_.

- a. Put Option

- b. American Option
- c. European Option
- d. Call Option

Q 61. There is a close link between the interest rates in two countries and the forward rate premium or discount. The theory about this is :

- a. Purchasing Power Parity
- b. Expectations Theory
- c. Covered Interest Arbitrage and interest Rate Parity
- d. None of the above.

Q 62. The relative Purchasing Power Parity is expressed as :

a.  $\frac{S_1^e}{S_0} = \frac{1+i_h}{1+i_f}$

b.  $F_1 = S_e^1$

c.  $\frac{F}{S_0} = \frac{1+r_h}{1+r_f}$

- d. None of the above

Q 63. According to Fisher effect, the nominal rate is equal to the real interest rate plus an adjustment for \_\_\_\_\_

- a. FD Rate
- b. Spot Rate
- c. Inflation
- d. Premium

Q 64. The acquisition of existing firms or plants as a means of FDI is called \_\_\_\_\_.

- a. Green Field Investments
- b. Dark Zone Investments
- c. Growing Zone Investments
- d. Brown Field Investments

Q 65. McDonald's purchasing farms in India to grow potatoes is which type of FDI?

- a. Green Field
- b. Agriculture
- c. Vertical
- d. Horizontal

Q 66. When an American Company acquires a division or unit of Indian company, the US is said to be a \_\_\_\_\_ Country.

- a. Sending
- b. Receiving
- c. Promoting
- d. None of the above

- Q 67. An act of buying currency in one market at a lower price and selling it in another at higher price resulting in equilibrium in exchange rates of different currencies is called \_\_\_\_\_.
- Hedging
  - Speculation
  - Trading
  - Arbitrage
- Q 68. Which of these are considered as nerve centres of foreign exchange activity.
- London, New York and Tokyo
  - London, New Jersey and Mumbai
  - London, New York and Moscow
  - London, New York and Delhi
- Q 69. Who are key participants of Foreign Exchange Market?
- Importers & Exporters
  - Traders and Foreign Exchange Brokers
  - Speculators
  - All of the above
- Q 70. When the exposed position in a foreign currency is covered through borrowing or lending in the money market, it is called \_\_\_\_\_.
- Borrowing-Lending technique
  - Futures Contract
  - Currency Swap
  - Money Market Hedge
- Q 71. An efficient Capital Market provides operational efficiency through...
- Simplified transaction procedure
  - Lowering settlement timings
  - Lowering transaction costs
  - All of the above
- Q 72. Full form of WDM segment is .....
- Wholesale Debt Market
  - Wholesale Debenture Market
  - Wholesale Demand Management
  - Wholesale Deposit Market
- Q 73. A facility of carrying forward the transaction from one settlement to another in BSE was called \_\_\_\_\_
- Carry forward
  - Badla
  - Vayda

d. Forward

- Q 74. For Book Building Process a merchant banker is appointed as a \_\_\_\_\_
- a. Book Keeper
  - b. Book Writer
  - c. Book Runner
  - d. None of the Above
- Q 75. Which one of the below is NOT a category of participant in the Primary Capital Market?
- a. Issuers of securities
  - b. Investors in securities.
  - c. Traders of securities
  - d. Intermediaries
- Q 76. Which of the below financial product / instrument can be traded in the secondary market?
- a. Equity Shares
  - b. Commercial Paper
  - c. Bonds
  - d. All of the above
- Q 77. \_\_\_\_\_ is a benchmark Indian Stock Market Index that represents the weighted average of 50 of the largest Indian Companies listed on the National Stock Exchange.
- a. SENSEX
  - b. NIFTY
  - c. SIFTY
  - d. INDEX
- Q 78. What is the full form of ECB?
- a. External Commercial Borrowings
  - b. External Commercial Bonds
  - c. Equity Capital Balance
  - d. None of the Above
- Q 79. For listed companies the prices are publically arrived at on the basis of demand and supply and hence stock exchange quotations reflect the real value of the security.
- a. True
  - b. False
- Q 80. SEBI started its actual functioning when.....
- a. It was set up in 1988
  - b. RBI gave it a permission in 1989

- c. SEBI Act was passed in 1992
- d. It was registered

Q 81. Full Form of NEAT is

- a. National Exchange for Automated Trading
- b. National Equity Automated Trading
- c. National Exchange for Analysis and Trading
- d. None of the Above

Q 82. What is the full form of NSDL

- a. National Stock Dealing Ltd.
- b. National Securities Dealers Ltd.
- c. National Securities Depository Ltd.
- d. National Stock and Debt Ltd.

Q 83. Market making is a unique concept of which stock exchange of India?

- a. NSE
- b. BSE
- c. ISE
- d. OTCEI

Q 84. Capital Market in India plays a role in developing integration among:

- a. Real Sector and Financial Sector
- b. Long-term and Short-term interest costs
- c. Equity and Debt Instruments
- d. All of the above

Q 85. Sentence A – Through Rights issue fresh capital can be raised and Sentence B – Through a Bonus Issue Fresh capital can be raised.

- a. Only Sentence A is true
- b. Both Sentences A and B are true
- c. Only Sentence of B is true
- d. Both Sentences A and B are False

Q 86. Book Building is basically \_\_\_\_\_ of shares.

- a. An auction
- b. A process of listing
- c. Credit rating
- d. None of the Above

Q 87. In the process of Book Building if the public portion gets oversubscribed,.....

- a. The size of the Public Portion is raised
- b. The allotment is made on a proportionate basis
- c. The placement portion is cancelled

d. None of the above

Q 88. Stock Futures, Stock Options, Index Futures and Index Options are \_\_\_\_\_

- a. Bonds
- b. Combination of Equity and Debt
- c. Equity Derivatives
- d. None of the Above

Q 89. Which Stock Exchange of India was set up with an objective to meet the current international standards of securities market?

- a. BSE
- b. ISE
- c. OTCEI
- d. NSE

Q 90. To provide a focal point for central bank (RBI) intervention for influencing liquidity and general level of interest rates in the economy is an important function of

- a. Secondary Market
- b. Money Market
- c. Capital Market
- d. Forex Market

Q 91. Indigenous bankers and money lenders are constituents of \_\_\_\_\_

- a. Organised Money Market
- b. Organised Stock Market
- c. Unorganised Money Market
- d. None of the Above

Q 92. The purchase and sell of which of the following instrument is effected through Subsidiary General Ledger (SGL) account?

- a. Treasury Bills
- b. Options
- c. Equity Shares
- d. All of the Above

Q 93. Minimum Subscription amount of a Certificate of Deposit is \_\_\_\_\_.

- a. Rs. 25,000
- b. Rs. 50,000
- c. Rs. 1,00,000
- d. Rs. 5,00,000

Q 94. Which instrument was introduced in year 1990 with a view to enable highly rated corporate borrowers to diversify their sources of short-term borrowings?

- a. Certificate of Deposit
- b. Commercial Paper
- c. Commercial Bill
- d. None of the Above

Q 95. When money is lent for more than a day and up to 14 days it is called as \_\_\_\_\_

- a. Demand Money
- b. Call Money
- c. Put Money
- d. Notice Money

Q 96. What type of relationship is there between call rates and short-term money market instruments such as CDs and CPs?

- a. Inverse
- b. Direct
- c. Negative
- d. None of the Above

Q 97. \_\_\_\_\_ is an important tool to finance credit sales?

- a. Commercial Bill
- b. Commercial Paper
- c. Certificate of Deposit
- d. None of the Above

Q 98. Which instrument involves high risk and high returns and helps corporates in solving temporary capital crisis without many formalities?

- a. Equity Shares
- b. Term Loan
- c. Inter-corporate Deposits
- d. All of the Above

Q 99. Which of the following are money market instruments?

- a. Treasury Bills
- b. Commercial Bills
- c. Call Money
- d. All of the Above

Q 100. What is the full form of CRISIL?

- a. Credit Rating and Investment Services of India Limited
- b. Credit Rating Information Services of India Limited
- c. Credit Rating Institution for Small Industries Limited
- d. Credit Rating Information Sector of India Limited

Q 101. ICRA was incorporated in which year?

- a. 1990
- b. 1991
- c. 1992
- d. 1993

Q 102. CARE has been set up by \_\_\_\_\_ in collaboration with some banks and financial institutions.

- a. IDBI
- b. IFCI
- c. ICICI
- d. UTI

Q 103. The concept of Credit Rating was originated in which country?

- a. UK
- b. USA
- c. Russia
- d. UAE

Q 104. Which was the first ever instruments that was rated?

- a. US Rail Road Bonds
- b. UK Rail Road Bonds
- c. US Mines Bonds
- d. None of the Above

Q 105. Which sentence is true? Sentence A – Rating once given remains unchanged  
Sentence B – Rating may be upgraded, downgraded or continue to be unchanged.

- a. Sentence A is True
- b. Sentence B is True

Q 106. Which of the following is NOT true with respect to Credit Rating

- a. Credit Rating helps the market regulators in promoting stability and efficiency in securities market.
- b. Credit Rating helps issuers to have a wider access to capital with better pricing
- c. Credit Rating saves the investor's time and enables him to take quick decision.
- d. Credit Rating is a recommendation for the issuers to buy, sell or hold the security.

Q 107. Which one of the following is the Regulator of the Credit Rating Agencies in India?

- a. RBI
- b. SBI
- c. SIDBI
- d. SEBI

Q 108. 'Where Got' Where Gone' Statement is also known as

- a. Balance Sheet
- b. Profit and Loss Statement
- c. Funds Flow Statement
- d. Capital Budget

Q 109. Operating Loss is a

- a. Application of Fund
- b. Source of Fund
- c. Loss of Assets
- d. None of the Above

Q 110. Public Deposit accepted by a company represents

- a. Use of Fund
- b. Source of Fund
- c. Application of Fund
- d. Equilibrium

Q 111. Redemption of Debenture by a company represents

- a. Application of Fund
- b. Source of Fund
- c. Loss of the Company
- d. None of the Above

Q 112. Only Current Assets and Current Liabilities are shown in the statement showing

- a. Changes in Assets
- b. Changes in Liabilities
- c. Changes in Working Capital
- d. Changes in Fixed Capital

Q 113. Decrease in Working Capital Denotes

- a. Application of Fund
- b. Source of Fund
- c. Disposition of Fund
- d. Operating Loss

Q 114. Which one of the following is not an Application of Fund?

- a. Purchase of Fixed Assets
- b. Repayment of Loans
- c. Operating Loss
- d. Operating Profit

Q 115. When liability decreases it is a \_\_\_\_\_

- a. Source of Funds
- b. Profit
- c. Application of Funds
- d. Loss

- Q 116. Loss on sale of Fixed Assets / Investment will be shown on the credit side of adjusted profit and loss account.
- True
  - False
- Q 117. The balances of Provision for Taxation were Rs. 20000 and Rs. 15000 in 2019 and 2020 respectively, if in the current year tax paid were Rs. 10000 then what will be the current year provision for tax made from profit?
- Rs. 7000
  - Rs. 5000
  - Rs. 15000
  - Rs. 10000
- Q 118. The proposed dividend for the Current Year would appear on the debit side of which account?
- Profit and Loss Account
  - Balance Sheet
  - Adjusted Profit and Loss Account
  - Adjusted Balance Sheet
- Q 119. If the shares are issued at a premium during the year then the amount of premium received will appear as a \_\_\_\_\_
- Source of Fund
  - Application of Fund
  - Profit
  - Loss
- Q 120. If we want to prepare the funds flow statement, we should have
- Balance sheets of two consecutive years
  - Funds flow statements of two consecutive years
  - Budget for next financial year
  - All of the Above
- Q 121. Last year's proposed dividend has been paid during the current year and hence will be shown as \_\_\_\_\_
- A source of funds
  - An application of funds
  - Increase in liabilities
  - None of the above
- Q 122. Any change in Current Liabilities will effect inverse change in the working capital.
- True
  - False
- Q 123. From the following details find out the funds from operations:
- |                                    |            |            |
|------------------------------------|------------|------------|
| Net Profit after Tax               | Rs. 48,000 |            |
| Depreciation                       | Rs. 30,000 |            |
| Loss on Sale of Outdated Machinery |            | : Rs. 4000 |
- Rs. 82,000
  - Rs. 22,000
  - Rs. 74,000

d. Rs. 14,000

Q 124. From the following details find out the fund from operations

PAT	Rs. 2,500
Accumulated Depreciation	Rs. 2,900
Retained Earning	Rs. 4,200
Goodwill Written off	Rs. 300
Profit on Sale of Fixed Assets	Rs. 200

- a. Rs. 9,900
- b. Rs. 9,600
- c. Rs. 9,700
- d. Rs. 5,100

Q 125. Funds Flow Statement indicates the necessity of arranging external funds in advance if projected outflow is more than inflow.

- a. True
- b. False

Q 126. Any change in the Current assets is positively correlated to the change in working capital

- a. True
- b. False

Q 127. Non-cash adjustments like Depreciation, Preliminary Expenses and Goodwill Written off are shown on the debit side of which account?

- a. Balance Sheet
- b. Funds Flow Statement
- c. Adjusted Profit and Loss Account
- d. Working Capital Statement

Q 128. Part of Profit transferred to General Reserve will be shown on the debit side of

- 
- a. Balance Sheet
  - b. Funds Flow
  - c. Cash Flow
  - d. Adjusted Profit and Loss Account

Q 129. A projected Funds Flow Statement informs the management about

- a. Future Financial Stringency
- b. Future Requirement of Funds
- c. Funds Position of the Company
- d. All of the above

Q 130. Funds Flow Statement can be prepared in which form?

- a. Vertical Form
- b. Horizontal Form
- c. Complex Form
- d. Both a and b

Q 131. Funds flow statement being based on \_\_\_\_\_, which is of limited utility for future planning is a limitation of funds flow statement.

- a. Historical Facts
- b. Traditional Facts
- c. Hypothetical Facts

d. Current Facts

- Q 132. Which one of the following is NOT a theory of International Parity Relationship
- Purchasing Power Parity
  - Covered Interest Arbitrage and Interest Rate Parity
  - Money Market Hedge Theory
  - Expectations Theory
- Q 133. Indirect Quotation is also known as \_\_\_\_\_
- European Quotation
  - Indian Quotation
  - American Quotation
  - Euro Quotation
- Q 134. The spread in a two way quotation is affected by
- Currency involved
  - The volume of business
  - Market sentiments/rumours about the currency
  - All of the above
- Q 135. The Rate of Exchange applicable for delivery of Foreign Exchange at a future date is called \_\_\_\_\_
- Spot Rate
  - Current Rate
  - Forward Rate
  - Expected Rate
- Q 136. The act of arbitrage that involves three foreign currencies involving three different foreign exchange market is called \_\_\_\_\_
- Geographical Arbitrage
  - Triangular Arbitrage
  - Cross Arbitrage
  - None of the Above
- Q 137. An option to buy is called a \_\_\_\_\_
- Put Option
  - Bid Option
  - Call Option
  - Preemptive Option
- Q 138. 'Speculators' in the market \_\_\_\_\_
- Need foreign currency to pay their import obligations
  - Invest in securities of foreign country
  - Try to profit from exchange rate movements
  - None of the Above
- Q 139. Which one of the following is NOT a Foreign Exchange Risk Management Technique
- Forward Contract
  - Futures Contract
  - External Commercial Borrowing
  - Currency Options
- Q 140. Default risk is higher in which one of the following?

- a. Forward Contracts
  - b. Futures Contracts
  - c. Equal in both a and b
  - d. None of the Above
- Q 141. A financial instrument that provides its holder a right but no obligation to buy or sell a pre-specified amount of a foreign currency at a pre-determined rate is referred to as \_\_\_\_\_
- a. A Promise
  - b. An Option
  - c. An Obligation
  - d. A Swap
- Q 142. Establishment of new plants and offices overseas by MNC as a mean of FDI is
- a. A Greenfield Investment
  - b. A Brownfield Investment
  - c. Vertical FDI
  - d. None of the Above
- Q 143. Hilton Hotels of United States opening a hotel in Mumbai, India is \_\_\_\_\_
- a. A Horizontal FDI
  - b. A Vertical FDI
  - c. A Conglomerate FDI
  - d. None of the Above
- Q 144. There are basically two approaches to find out NPV of a foreign based project's capital budgeting exercise. Which are those two?
- a. Home Currency and foreign currency approaches
  - b. One Currency and Multi Currency Approaches
  - c. Home Country and Foreign Country Approaches
  - d. None of the Above
- Q 145.  $F_1 = S_1^e$  denotes
- a. Purchasing Power Parity
  - b. Covered Interest Arbitrage and Interest Rate Parity
  - c. Expectations Theory
  - d. International Fisher Effect
- Q 146. If there are no costs or other barriers associated with the movement of goods or services across countries, the price of each product should be the same in each country, after making appropriate currency conversions. It is called \_\_\_\_\_ in Economics.
- a. Law of Similar Mortgage Rate
  - b. Law of Similar Labour Rules
  - c. Law of One Price
  - d. Law of One type of Manufacturing
- Q 147. The current spot rate for the Euro is Rs. 86, the expected inflation rate is 5 in India and 3 in Europe. What is the expected Spot Rate of Euro one year hence?
- a. Rs. 87.67/Euro
  - b. Rs. 84.36/Euro

c. Rs. 86/Euro

d. Rs. 93/Euro

Q 148. When an Option can be exercised on any date up to maturity, it is called

a. A Flexible Option

b. An European Option

c. A British Option

d. An American Option

Q 149. Is it necessary for an organization to own 100 % of an overseas firm for its investment to be classified as an FDI?

a. Yes

b. No

Q 150. Capital investment made by firms in another county is called\_\_\_\_\_

a. Foreign Direct Investment

b. Foreign Direct Involvement

c. Foreign Debt Investment

d. None of he Above

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