

Part	sub/obj	Marks	Question	Answer Option 1	Answer Option 2	Answer Option 3	Answer Option 4	Correct Answer(A/B/C/D)	CO (any one)	Bloom's Taxonomy Level (any One most relevant only)
A	obj	1	Time value of money signifies that the value of a unit of money remains unchanged during different time periods	TRUE	FALSE	Can't Say	Neither True nor False	B	CO1	L2
A	obj	1	An investor expects a perpetual sum of Rs500 annually from his investment. What is the present value of this perpetuity if interest rate is 10%?	Rs10000	Rs5000	Rs500	Rs1000	B	CO1	L3
A	obj	1	Either compounding or discounting technique can be used, to make heterogeneous cash flows comparable	TRUE	FALSE	Can't Say	Neither True nor False	A	CO1	L2
A	obj	1	Effective and nominal rate of interest remain the same irrespective of the frequency of compounding	TRUE	FALSE	Can't Say	Neither True nor False	B	CO1	L2
A	obj	1	To arrive at the present value of cash flows, discounting is done at the rate which represents opportunity cost of funds	TRUE	FALSE	Can't Say	Neither True nor False	A	CO1	L2
A	obj	1	You earn 15% on a 3 year public deposit of Rs 1000 with a company. What is future value if the compounding is done quarterly?	Rs450	Rs1799	Rs1555	None of the above	C	CO1	L3
A	obj	1	A firm is intending to create a sinking fund to raise Rs5 lakh, 9% debenture after 12 years. How much amount should the firm deposit at the end of each year if the fund earns 12% p.a.	Rs11498	Rs20718.40	Rs15498	None of the above	B	CO1	L3
A	obj	1	XYZ Bank pays 12% and compounds interest quarterly. If Rs1000 is deposited initially, how much shall it grow at the end of 5 years	Rs5005	Rs1806	Rs2000	None of the above	B	CO1	L3
A	obj	1	The only viable goal of financial management is	profit maximization	wealth maximization	assets maximization	sales maximization	B	CO1	L2
A	obj	1	Finance function involves	procurement of finance only	expenditure of funds only	safe custody of funds only	procurement and effective utilization of funds	D	CO1	L2
A	obj	1	Like equity capital, retained earnings also do not cause any cost to the company	TRUE	FALSE	Can't Say	Neither True nor False	B	CO2	L2
A	obj	1	The higher is the corporate tax rate, the higher is the cost of debt	TRUE	FALSE	Can't Say	Neither True nor False	B	CO2	L2
A	obj	1	Cost of preference share capital is higher than cost of debt	TRUE	FALSE	Can't Say	Neither True nor False	A	CO2	L2
A	obj	1	A company issues 10% irredeemable preference shares. The face value per share is Rs100, but the issue price is Rs95. What is the cost of preference share capital?	10%	12.53%	10.53%	None of the above	C	CO2	L3
A	obj	1	Equity capital does not carry any cost as a company is under no legal obligation to pay dividends	TRUE	FALSE	Can't Say	Neither True nor False	B	CO2	L2
A	obj	1	Assuming that a firm pays tax at 50% rate, compute the after tax cost of capital for a ten year, 8% Rs 1000 par bond sold at Rs 950	8%	10%	4.46%	9.95%	C	CO2	L3
A	obj	1	What will be the impact on Cost of capital if the company has started making substantial new investments in assets that are considerably riskier than the company's presently owned assets?	Cost of Capital will go up	Cost of Capital will go down	Cost of Capital will remain unchanged	None of the above	A	CO2	L2

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A	obj	1	What will be the impact on Cost of capital if Flotation costs of issuing new securities increases	Cost of Capital will go up	Cost of Capital will go down	Cost of Capital will remain unchanged	None of the above	A	CO2	L2
A	obj	1	If a firm wants to raise debt by issue of a short term bond with a face value of Rs100 with a coupon rate of 11%, payable annually redeemable at a premium of 5% at the end of three years. Find the cost of debt with tax rate of 40%.	7.41%	10.33%	11.33%	None of the above	A	CO2	L3
A	obj	1	Mr.X Has been advised to arrange Rs1 lac. 5 years from now. Mr. X knows that he will be provided with 6% interest on these investments. Advise him how much he should invest today	Rs 74371.951	Rs74725.821	Rs 74821.435	None of the above	B	CO1	L2
A	obj	1	Expected rate of return by the investors is the cost of capital for the firm	TRUE	FALSE	Can't Say	None of the above	A	CO1	L2
A	obj	1	Cost of Capital is also known as	Hurdle Rate	Cut Off Rate	None the above	both the above	D	CO1	L2
A	obj	1	which of the component cost is calculated both, before tax and after tax	Cost of Debt	Cost of Preference Share	Cost of Equity Share	all the above	A	CO1	L2
A	obj	1	A bond has a face value of Rs.1000 issued for 20 years pays Rs. 90 as interest anually, is available in market at Rs. 915. Calculate cost of Debt before tax	8.94	9.84	4.98	None of the above	B	CO2	L3
A	obj	1	A bond has a face value of Rs.1000 issued for 20 years pays Rs. 90 as interest anually, is available in market at Rs. 915. Calculate cost of Debt after tax, if corporate tax rate is 30%	9.84	9.68	8.96	6.89	D	CO2	L3
A	obj	1	Cost of debt and issue price are	inversly proportionate	directly proportionate	not related	None of the above	A	CO2	L3
A	obj	1	WACC stands for	Weighted Average Cost of Capital	Weightage Average Cost of Capital	Weighted Average Cost of Company	Weighted Average Cost of Corpportae	A	CO2	L3
A	obj	1	WACC is equal to	$(K_e + W_e) * (K_d + W_d) * (K_p + W_p)$	$(K_e / W_e) + (K_d / W_d) + (K_p / W_p)$	$(K_e * W_e) + (K_d * W_d) + (K_p * W_p)$	$(K_e * W_e) + (K_d * W_d) + (K_p * W_p) / 3$	C	CO1	L2
A	obj	1	After an EMI has been determined for a housing loan, the borrower pays a lumsum amount in partial repayment. Now the EMI will	come down , if tenure remains same	go up , if tenure remains same	no change	None of the above	A	CO2	L3
A	obj	1	When a loan is taken, the total amount repaid with interest with interest will be	higher, when the period of the loan is long	lower, when the period of the loan is long	same	can't say	A	CO2	L3
A	obj	1	I have a choice of repaying a loan in ten instalments or fifteen instalments.If I choose to repay in fifteen instalments	I will end up paying lesser instalment amounts	I will end up paying lesser interest overall	I will end up paying higher interest overall	both A and C	D	CO2	L3
A	obj	1	If I require an amount after 5 years	it is better to invest an equated amount after every year	it is better to invest a lumsum amount and let it grow	A is better than B	B is better than A	C	CO2	L3
A	obj	1	PV has following relationship with Interest Rate	Higher the interest rate, higher the PV	Higher the interest rate, lower the PV	Can't Say	None of the above	B	CO2	L3

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A	obj	1	To accumulate Rs.15000/- after 3 years discounted at 8%, what annual investment is needed	5820.5	8520.5	2850.5	285.5	A	CO2	L3
A	obj	1	What amount an investment of Rs. 700 will grow, if it earns 10.25% interest that is compounded anually for three years	738.09	893.07	398.07	938.07	D	CO1	L2
A	obj	1	if an interest is paid on quaterly basis, this is an example of	single period compounding	Multi period Compounding	Can't Say	None of the above	B	CO1	L2
A	obj	1	calculate monthly EMI of a loan amount Rs 500000, to be paid in 4 years., disbursed at a rate of 10% p.a	17,621.25	12,681.29	18,681.45	16,281.45	B	CO1	L2
A	obj	1	value of money _____ because of inflation	increases	reduces	remains same	None of the above	B	CO1	L2
A	obj	1	In a all equity firm	Kd=0%	Ke=0%	Ke=100%	Kd=100%	C	CO1	L2
A	obj	1	Cost of Debt is	Coupon Rate	Post Tax Cost of Serving Debt	Yield To Maturity	Yield To Date	C	CO1	L2