BALASORE COLLEGE OF ENGINEERING AND TECHNOLOGY

Department- MBA

Corporate Finance Multiple Choice Questions

1. Financial Management is mainly concerned with ______________.

A. arrangement of funds
B. all aspects of acquiring and utilizing financial resources for firms activities
C. efficient Management of every business.
D. profit maximization

Answer: B

2. In his traditional role the finance manager is responsible for ______________.

A. arrange of utilization of funds.
B. arrangement of financial resources.
C. acquiring capital assets of the organization.
D. effective management of capital.

Answer: D

3. The primary goal of the financial management is ______________.

A. to maximize the return
B. to minimize the risk.
C. to maximize the wealth of owners.
D. to maximize profit..

Answer: D

4. Capital budgeting is related to ______________.

A. long terms assets.
B. short term assets.
C. . long terms and short terms assets.
D. fixed assets.

Answer: A

5. A way to analyze whether debt or lease financing would be preferable is to:

A. compare the net present values under each alternative, using the cost of capital as the discount rate.
B. compare the net present values under each alternative, using the after-tax cost of borrowing as the
discount rate.
C. compare the payback periods for each alternative.
D. compare the effective interest costs involved for each alternative

Answer: B

6. The type of lease that includes a third party, a lender, is called a(n)

A. sale and leaseback.
B. direct leasing arrangement.
C. leveraged lease.

D. operating lease.
Answer: C
7. Future value interest factor takes _______________.
A. Compounding rate
B. Discounting rate.
C. Inflation rate.
D. Deflation rate.
Answer: A
8. Present value takes _______________.
A. Compounding rate.
B. Discounting rate.
C. Inflation rate.
D. Deflation rate.
Answer: B
9. Financial decisions involve _______________.
A. Investment, financing and dividend decisions.
B. Investment sales decisions.
C. Financing cash decisions.
D. Investment dividend decisions.
Answer: C
10. Traditional approach confines finance function only to _______________.
A. raising
B. mobilizing
C. utilizing
D. financing
Answer: A
11. The company's cost of capital is called _______________.
A. Leverage rate
B. Hurdle rate.
C. Risk rate.
D. Return rate.
Answer: A
12. Market value of the shares are decided by _______________.
A. the respective companies.
B. the investment market.
C. the government.
D. shareholders.
Answer: D
13. Cost of retained earnings is equal to _______________.
A. Cost of equity.
B. Cost of debt.
C. Cost of term loans.
D. Cost of bank loan.
Answer: C
14. Beta measures the _______________.

A. Financial risk.
B. Investment risk rate.
C. Market risk.
D. Market and finance risk.
Answer: B
15. The expansion of CAPM is _____________.
A. Capital amount pricing model.
B. Capital asset pricing model.
C. Capital asset printing model.
D. a. Capital amount printing model.
Answer: B
16. Medium-term notes (MTNs) have maturities that range up to
A. one year (but no more)
B. two years (but no more).
C. ten years (but no more).
D. thirty years (or more)
Answer: D

17. Which one of the following is the main objective of Unit Trust of India?
A. To mobilize the savings of high-income groups.
B. To mobilize the savings to low and high-income groups.
C. To mobilize the savings of corporate.
D. To mobilize the savings of low and middle-income groups.
Answer: D
18. The first development financial institution in India that has got merged with a bank
A. IDBI
B. ICICI
C. UTI
D. SFC
Answer: B
19. The most difficult to calculate is _____________.
A. the cost of equity capital.
B. the cost of preferred capital.
C. the cost of retained earnings.
D. the cost of equity and preference capital.
Answer: B
20. The required rate of return for an investment project should _____________.
A. leave the market price of the stock unchanged
B. increase the market price.
C. reduce the market price.
D. constant market price.
Answer: A

21. ICICI was formed in ________:
A. 1955

B. 1665
C. 1965
D. 1954
Answer: A
22. The principal objective to form ICICI was:
A. To create a development financial institution
B. To create a financial institution for providing medium-term and long term project financing
C. Create a financial institution for providing medium-term and long term project financing to Indian businesses
D. All of The Above
Answer: D
23. 23. Headquarter of ICICI Bank is located at:
A. Mumbai
B. Hyderabad
C. Mysore
D. Bangalore
Answer: A
24. Fixed cost per unit _____________.
A. changes according to the volume of production
B. be flexible according to the rate of interest.
C. does not change with the volume of production.
D. remains constant.
Answer: C

25. The principal objective was to create a development financial institution for providing _______project financing to Indian businesses:
A. Medium Term
B. Long Term
C. Medium Term and Long Term
D. short term
Answer: C
26. Variable cost per unit _____________.
A. varies with the level of output.
B. remains constant irrespective of the level of output.
C. changes with the growth of the firm.
D. does not change with the volume of production
Answer: A
27. Financial leverage measures _____________.
A. sensitivity of EBIT with respect of 1% change with respect to output
B. 1% variation in the level of production
C. sensitivity of EPS with respect to 1% change in level of EBIT.
D. no change with EBIT and EPS.
Answer: A
28. Operating leverage measures _____________.
A. the business risk.
B. financial risk.

C. both risks.
D. production risk.
Answer: D
29. Financial leverage helps one to estimate ______________.
A. the business risk
B. the financial risk.
C. both risks
D. production risk.
Answer: C
30. Financial leverage is also known as ______________.
A. Trading on equity
B. Trading on debt.
C. Interest on equity.
D. Interest on debt.
Answer: A
31. Industrial Development Bank of India is
A. Wholly-owned Government of India undertaking
B. Wholly-owned subsidiary of Reserve Bank of India
C. A corporation and owned by the Government of India and public sector banks.
D. Public Limited Company
Answer: A
32. Operating leverage x financial leverage= ______.
A. composite leverage.
B. financial composite leverage.
C. operating composite leverage.
D. fixed leverage
Answer: C
33. Operating leverage = _______.
A. contribution less profit.
B. contribution less sales.
C. contribution less total expenses
D. contribution less operating profit.
Answer: B
34. The IDBI was established in
A. 964
B. 1965
C. 1966
D. 1967
Answer: A
35. The financial institute IFCI established in
A. 1947
B. 1948
C. 1949
D. 1950
Answer: B

36. In his traditional role the finance manager is

responsible for ____________.
A. proper utilisation of funds
B. arrangement of financial resources
C. acquiring capital assets of the organization
D. Efficient management of capital
Answer: D
37. Shares having no face value are known as _____.
A. no-par stock.
B. at par stock.
C. equal stock.
D. debt-equity stock.
Answer: D
38. A fixed rate of _____________is payable on debentures.
A. dividend
B. commission
C. . interest
D. brokerage
Answer: D
39. Effective cost of debentures is _____________as compared to shares
A. higher
B. lower
C. equal
D. medium
Answer: C
40. Ownership securities are represented by _____________.
A. securities.
B. equities
C. debt
D. debentures.
Answer: A
41. Corporation is not a part of _____________finance .
A. Public.
B. Private.
C. Public & private
D. Organization.
Answer: C
42. _____________management is the important task of the finance manager.
A. Debt
B. Equity.
C. Profit
D. Cash.
Answer: D
43. Finance function is one of the most important functions of _____________.

A. business.
B. marketing.
C. financial.
D. debt.
Answer: C
44. Which one of the following is not a money market securities?
A. treasury bills
B. National savings certificate
C. Certificate of deposit
D. Commercial paper
Answer: B
45. The expansion of EAR is _____.
A. equivalent annual rate.
B. equivalent annuity rate
C. equally applied rate.
D. equal advance rate
Answer: B
46. Working capital management is managing _______________.
A. short term assets and liabilities
B. long term assets
C. long terms liabilities

D. only short term assets
Answer: A
47. Future value interest factor takes _______________.
A. Compounding rate
B. Discounting rate
C. Inflation rate
D. Deflation rate
Answer: A
48. Financial security with low degree risk and investment held by businesses is classified as
A. treasury bills
B. commercial paper
C. negotiable certificate of deposit
D. money market mutual funds
Answer: D
49. Future value interest factor takes _______________.
A. Compounding rate
B. Discounting rate
C. Inflation rate
D. Deflation rate
Answer: A
50. ______________ are financial assets.
A. Bonds
B. Machines
C. Stocks

D. A and C

Answer: C

51. Arbitrage is the level processing technique introduced in _____________.

A. Net income approach

B. MM approach.

C. Operating approach

D. Traditional approach.

Answer: A

52. Operating incomes and the discount rate of a particular risk class are the 2 factors determining _____________.

A. Dependence hypothesis

B. Traditional view.

C. Modern view.

D. Independence hypothesis.

Answer: D

53. Financial leverage measures _____________.

A. sensitivity of EBIT with respect of % change with respect to output

B. % variation in the level of production

C. sensitivity of EPS with respect to % change in level of EBIT

D. No change with EBIT and EPS

Answer: C

54. The probability of bankrupt is higher _____________.

A. for a levered firm than an unlevered firm.

B. for a unlevered firm than an levered firm

C. . only levered firm

D. only unlevered firm

Answer: C

55. The decision to invest a substantial sum in any business venture expecting to earn a minimum return is called _____________.

A. working capital decision

B. an investment decision

C. a production decision.

D. a sales decision.

Answer: D

56. The available capital funds are to be carefully allocated among competing projects by careful prioritization. This is called _____________.

A. capital positioning.

B. capital structuring.

C. capital rationing.

D. capital budgeting.

Answer: D

57. Capital budgeting decisions in India cannot be reversed due to _____.
A. economic conditions.
B. ill-organized market for second-hand capital goods.
C. government regulations.
D. policy of the management
Answer: C
58. Payback period is superior to other methods, if the objective of the investor is to ______________.
A. consider cash flow in its entirety
B. consider the present value of future cash flows
C. consider the liquidity.
D. consider the inflows in its entirety.
Answer: A
59. If the payback is a bad rule, the average returns on book value is ______________.
A. worse.
B. better
C. the best
D. equal.
Answer: C
60. Net present value is a popular method which falls ______________.
A. Within non- discount cash flow method.
B. Within discount cash flow method
C. Equal Within non- discount cash flow method.
D. No discount cash flow
Answer: C
61. A demerit of IRR method is that it does not distinguish between ______________.
A. lending & borrowing
B. discounting & non- discounting.
C. cash flow & non- cash flow.

D. inflow & outflow.
Answer: C
62. Net working capital is the excess of current asset over ______________.
A. Current liability.
B. Net liability.
C. . Total payable.
D. . Total liability.
Answer: C
63. Net working capital refers to.
A. total assets minus fixed assets
B. current assets minus current liabilities
C. current assets minus inventories
D. current assets.
Answer: B

64. The gross working capital is a ______ concern concept.
A. Going.
B. money measurement
C. revenue concept.
D. cost concept
Answer: B
65. The rate of return on investment _____ with the shortage of working capital
A. falls.
B. going.
C. constant.
D. change.
Answer: A
66. Greater the size of a business unit _____ will be the requirements of working capital.
A. lower.
B. no change.
C. larger.
D. fixed
Answer: A

67. The fixed proportion of working capital should be generally financed from the _____ capital sources
A. fixed.
B. variable.
C. semi-variable.
D. borrowed.
Answer: D
68. The volume of sales is influenced by _____ of a firm
A. finance policy.
B. credit policy.
C. profit policy.
D. fund policy.
Answer: D
69. Factoring is a form of financing ____.
A. payable.
B. receivables.
C. borrowings.
D. debts
Answer: C
70. The formula for cost of debt is ____________.
A. kd=(1/2+f-p)/f+p
B. f+p
C. f-P
D. f*p
Answer: A
71. Traditional theorists believe that.
A. there exists an optimal capital structure

B. no optimal capital structure
C. equal optimal capital structure
D. 100% debt financial organizations
Answer: A
72. Ordering cost is the cost of _______________materials.
A. selling.
B. purchasing.
C. stocking.

D. financing.
Answer: A
73. The policy concerning quarters of profit to be distributed as dividend is termed as _______________.
A. Profit policy.
B. Dividend policy.
C. Credit policy.
D. Reserving policy.
Answer: C
74. The company must implement the bonus issues decision within _______________ of the director approval.
A. 6 months.
B. 3 months.
C. 2 months.
D. 1 month.
Answer: B
75. The most appropriate dividend policy is the payment of _______________dividend per share consent.
A. constant.
B. variable.
C. higher.
D. lower.
Answer: B
76. A company having easy access to the capital markets can follow a _______________. dividend policy
A. liberal.
B. formal.
C. strict.
D. Varying.
Answer: C
77. _______________ dividend promises to pay shareholders at future date.
A. Scrip.
B. Cash.
C. Stock.

D. Property.
Answer: B
78. _______________ dividend is the usual method of paying dividend .

A. Scrip.
B. Cash
C. Stock.
D. Property.
Answer: B
79. Which of the following is/are assumption(s) underlying the Miller and Modigliani analysis?
A. Capital markets are perfect
B. Investors are assumed to be rational and behave accordingly
C. There is no corporate or personal income tax
D. All of the above.
Answer: D
80. The cash management refers to management of ____.
A. cash only
B. cash and bank balances.
C. cash and near-cash assets
D. fixed assets.
Answer: B
81. Offering cash discount to customers result is ______________.
A. reducing the average collection period.
B. increasing the average collection period
C. increasing sales.
D. decreasing sales.
Answer: D
82. Good inventory management is good ______ management
A. financial.
B. marketing.
C. stock.
D. purchasing.
Answer: D

83. Setup cost is a type of _____ cost.
A. fixed.
B. variable.
C. semi-variable.
D. carrying.
Answer: D
84. Re-order level is ______________than safety cash level .
A. higher.
B. lower.
C. medium.
D. fixed.
Answer: D
85. MM approach assumes that ______________markets are perfect.
A. Receivable.

B. Capital.
C. Stock.
D. Exchange.
Answer: D
86. The amount of the temporary working capital _____________.
A. keeps on fluctuating from time t o time.
B. remains constant for all times
C. financed through long term services
D. financed short term sources.
Answer: C
87. While evaluating capital investment proposal the time value of money is considered in case of _____________.
A. Payback method.
B. Accounting rate.
C. Internal rate.
D. Discounted cash flow.
Answer:C
88. The return after the pay off period is not considered in case of _____________.
A. Payback period method.
B. Interest rate method.
C. Present value method
D. Discounted cash flow method.
Answer: C
89. Depreciation is include in costs in case of _____________.
A. Payback method.
B. Accounting rate.
C. Discounted cash flow.
D. Present value method.
Answer: A
90. The arbitrary process is the behavioral foundation for the _____________.
A. MM approach.
B. XX approach.
C. Gorder approach.
D. Miller approach.
Answer: B
91. The notice to Accept right share should not be less than _____________. days
A. 15.
B. 20.
C. 10.
D. 30.
Answer: D
92. The bonus issue is permitted to be made out of

______________ and premium collected in cash
A. free reserves.
B. free interest
C. free bonus.
D. free cash dividend.
Answer: A

93. The bonus issue is made to make the nominal value and the ______________ value of the shares of the company.
A. Face.
B. Market
C. Stock.
D. Real
Answer: B
94. Premium received in cash is a source of ______________ issue .
A. Right.
B. Bonus.
C. Cash.
D. Résumés .
Answer: C
95. Bonus share are not permitted unless the ______________paid shares ,if any made fully paid .
A. partly.
B. semi.
C. fully.
D. not.
Answer: B
96. Dividend policy of a firm affects both the long time financing and______________. wealth.
A. Owners.
B. Creditors.
C. Debtor
D. Shareholders
Answer: C
97. _____________is the distribution of the profits of a company among its shareholders
A. Shares.
B. Interest.
C. Dividend.
D. Commission.
Answer: C

98. Which of the following is not an objective of financial management?
A. Maximization of wealth of shareholders
B. Maximization of profits
C. Mobilization of funds at an acceptable cost.

D. Ensuring discipline in the organization.
Answer: D
99. The market value of the firm is the result of ______________.
A. dividend decisions.
B. working capital decisions.
C. capital budgeting decisions
D. trade-off between cost and risk.
Answer: D
100. The objective of financial management is to ________________.
A. generate the maximum net profit.
B. generate the maximum retained earnings.
C. generate the maximum wealth for its shareholders
D. generate maximum funds for the firm at the least cost.
Answer: C
101. Which of the following statements represents the financing decision of a company?
A. Procuring new machineries for the R&D activities.
B. Spending heavily for the advertisement of the product of the company
C. Adopting state of the art technology to reduce the cost of production.
D. Purchasing a new building at Delhi to open a regional office.
Answer: D
102. Financial risk arises due to the ______________.
A. variability of returns due to fluctuations in the securities market.
B. changes in prevailing interest rates in the market.
C. leverage used by the company
D. . liquidity of the assets of the company.
Answer: D

103. The factor(s) which affect(s) P/E ratio is/are _______________.
A. Growth rate
B. Debt proportion
C. Retention ratio
D. All of the above.
Answer: D
104. Long -term solvency is indicated by _______________.
A. Liquidity ratio
B. Debt-equity ratio
C. Return coverage ratio
D. Both a and b
Answer: B
105. Which of the following is/are the problem(s) encountered in financial statement analysis?
A. Development of benchmarks

B. Window dressing.
C. Interpretation of results
D. All of the above.
Answer: D
106. Earnings Per Share (EPS) is equal to ______________
A. Profit before tax/No. of outstanding shares.
B. Profit after tax/No. of outstanding shares
C. Profit after tax/Amount of equity share capital.
D. Profit after tax less equity dividends/No. of outstanding shares.
Answer: B
107. Degree of total leverage can be applied in measuring change in _______________
A. EBIT to a percentage change in quantity.
B. EPS to a percentage change in EBIT.
C. EPS to a percentage change in quantity.
D. Quantity to a percentage change in EBIT.
Answer: C

108. The measure of business risk is_______________.
A. operating leverage.
B. financial leverage.
C. total leverage.
D. working capital leverage.
Answer: A
109. The value of EBIT at which EPS is equal to zero is known as _____________
A. Break even point.
B. Financial break even point.
C. Operating break even point
D. Overall break even point.
Answer: B
110. operating Leverage is the response of changes in _______________.
A. EBIT to the changes in sales..
B. EPS to the changes in EBIT
C. Production to the changes in sales.
D. None of the above.
Answer: A
111. Operating Leverage Measures the responsiveness of earnings per share to variability in ________
A. earnings before interest
B. taxesIs undefined at the operating break even point
C. All of the above.
D. None of the above.
Answer: C
112. The use of preference share capital as against debt finance ________________.
A. Reduces DFL.

B. Increases DFL.
C. Increases financial risk.
D. Both a and b.
Answer: B
113. The Degree of Financial Leverage (DFL) _______________.
A. Measures financial risk of the firm.
B. Is zero at financial break even point.
C. Increases as EBIT increases.
D. Both a and b.
Answer: A
114. The objective of financial management is to _______________.
A. Maximize the return on investment.
B. Minimize the risk.
C. Maximize the wealth of the owners by increasing the value of the firm.
D. All the above.
Answer: D
115. Which of the following characteristics are true, with reference to preference capital?
A. Preference dividend is tax deductible.
B. The claim of preference shareholders is prior to the claim of equity shareholders.
C. Preference share holders are not the owners of the concern.
D. All of the above
Answer: D
116. What are the factors which make debentures attractive to investors?
A. They enjoy a high order of priority in the event of liquidation.
B. Stable rate of return.
C. No risk.
D. All of the above.
Answer: D
117. The method of raising equity capital from existing members by offering securities on pro rata basis is referred to as _______________.
A. Public issue.
B. Bonus issue.
C. Private placement.
D. Bought-Out-Deal.
Answer: B

118. Which of the following is not a source of long-term finance?
A. Equity shares.
B. Preference shares.
C. Commercial papers

D. . Reserves and surplus.
Answer: D
119. For which of the following factors are the debentures more attractive to the investors?
A. The principal is redeemable at maturity.
B. A debenture-holder enjoys prior claim on the assets of the company over its shareholders in the event of liquidation
C. trustee is appointed to preserve the interest of the debenture holders.
D. All the above.
Answer: D
120. If debentures are issued by a company, _____________.
A. The interest of the debentures holders is assured by SEBI.
B. Debenture redemption reserve should be at least 75 percent of the issue amount prior to the commencement of the redemption process
C. Call option on debentures allows the issuer to redeem the debentures at a certain price before maturity
D. Put option on debentures allows the issuer to redeem the debentures at a certain price before maturity.
Answer: D
121. A company may rise capital from the primary market through ______________.
A. Public issue
B. . Rights issue
C. Bought out deals.
D. All of the above.
Answer: D
122. According to traditional approach, the average cost of capital _______________.
A. Remains constant up to a degree of leverage and rises sharply thereafter with every increase in leverage
B. Rises constantly with increase in leverage
C. . Decrease up to certain point, remains unchanged for moderate increase in leverage and rises beyond a certain point
D. Decrease at an increasing rate with increase in leverage
Answer: C
123. The cost of capital of a firm is _______________.
A. The dividend paid on the equity capital.
B. The weighted average of the cost of various long-term and shortterm sources of finance.
C. The average rate of return it must earn on its investments to satisfy the various investors
D. The minimum rate of return it must earn on its investments to keep its investors satisfied.

Answer: C

124. The constant growth model of equity valuation assumes that _______________.

A. the dividends paid by the company remain constant.
B. the dividends paid by the company grow at a constant rate of growth.
C. the cost of equity may be less than or equal to the growth rate.
D. the growth rate is less than the cost of equity.

Answer: D

125. Cost of equity capital is ______________.

A. lesser than the cost of debt capital.
B. equal to the last dividend paid to the equity share holders
C. equal to the dividend expectations of equity share holders for the coming year
D. none of the above

Answer: D

126. Which of the following is not a feature of an optimal capital structure?

A. Safety.
B. Flexibility.
C. Control.

D. Solvency.

Answer: B

127. The overall capitalization rate and the cost of debt remain constant for all degrees of leverage. This is pronounced by _________________.

A. Traditional approach
B. Net operating income approach
C. Net income approach
D. MM approach

Answer: C

128. While calculating weighted average cost of capital ___________.

A. Retained earnings are excluded.
B. Cost of issues are included.
C. Weights are based on market value or on book value
D. Equity shares are given more weights.

Answer: D

129. The formula for cost of debt is

A. kd=(1/2+f-p)/f+p
B. f+p
C. f-P
D. f*p

Answer: A

130. Which of the following is/are assumption behind the realized yield approach?

A. The yield earned by investors has been, on average, in conformity with their expectations.

B. The dividends will continue growing at a constant rate forever.
C. The market price will continue growing at a constant rate forever.
D. Both a and b.
Answer: D
131. Which of the following is not an assumption in the Miller & Modigliani approach?
A. There are no transaction costs.
B. Securities are infinitely divisible.
C. Investors have homogeneous expectations

D. All the firms pay tax on their income at the same rate.
Answer: D
132. Which of the following is/are true regarding the cost of capital?
A. It is a measure of the returns required by all the suppliers of long-term finance.
B. It is equal to the Internal Rate of Return of a project if the projects Net Present Value is Zero.
C. It is the weighted arithmetic average of the cost of the various sources of long-term finance used.
D. Both b and c
Answer: D
133. While calculating the weighted average cost of capital, market value weights are preferred because _____________________.
A. Book value weights are historical in nature.
B. This is in conformity with the definition of cost of capital as the investors minimum required rate of return.
C. Book value weights fluctuate violently.
D. Market value weights are fairly consistent over a period of time.
Answer: C
134. While calculating weighted average cost of capital ________________.
A. Preference shares are given more weightage.
B. Cost of issue is considered
C. Tax factor is ignored.
D. Risk factor is ignored.
Answer: B
135. Which of the following ratios is not affected by the financial structure and the tax rate of a company?
A. Net profit margin.
B. Earning power.
C. Earnings per share.
D. Capitalization rate
Answer: C

136. Which of the following factors influence(s) the capital structure of a business entity?
A. Bargaining power with the suppliers

B. Demand for the product of the company
C. Technology adopted
D. Adequate of the assets to meet any sudden spurt in demand.
Answer: C
137. Which of the following factors does not affect the capital structure of a company?
A. Cost of capital.
B. Composition of the current assets.
C. Size of the company
D. Expected nature of cash flows
Answer: B
138. Which of the following methods does a firm resort to avoid dividend payments?
A. Share splitting.
B. Declaring bonus shares.
C. Rights issue.
D. New issue.
Answer: B
139. Under trading means________________.
A. Having low amount of working capital
B. High turnover of working capital
C. Sales are less compared to assets employed.
D. Low turnover of working capital.
Answer: D
140. Cost of capital is the _______ rate of return expected by the investor.
A. maximum.
B. average.
C. marginal.
D. minimum.
Answer: A
141. Effective cost of debentures is ___________________-as compared to shares.
A. higher.
B. lower.
C. equal.
D. medium.
Answer: C
142. Corporation is not a part of ___________ finance
A. Public.
B. Private.
C. Public & private.
D. Organization.
Answer: D
143. Financial analysts,working capital means the same thing as ___________.
A. total assets.
B. fixed assets.

C. current assets.
D. current assets minus current Liabilities.
Answer: D
144. ___________ is concerned with the maximization of a firms earnings after taxes.
A. Shareholder wealth maximization
B. Profit maximization
C. Stakeholder maximization.
D. EPS maximization.
Answer: B
145. What is the most appropriate goal of the firm?
A. Shareholder wealth maximization.
B. Profit maximization.
C. Stakeholder maximization.
D. EPS maximization.
Answer: A
146. The long-run objective of financial management is to ___________________.
A. maximize earnings per share.
B. maximize the value of the firms common stock.
C. maximize return on investment
D. maximize market share.
Answer: B
147. This type of risk is avoidable through proper diversification________________.
A. portfolio risk.
B. systematic risk.
C. unsystematic risk.
D. total risk.
Answer: A
148. In proper capital budgeting analysis we evaluate incremental _____________.
A. accounting income.
B. cash flow.
C. earnings.
D. operating profit.
Answer: B
149. The term ______________ means mathematical relationship between two figures.
A. Income.
B. Expense.
C. Profit
D. Ratio.
Answer: D
150. EBIT is usually the same thing as______________
A.funds provided by operations
B. earnings before taxes
C. net income

D. operating profit.
Answer: D