

Financial Planning and Control

1. The capital issue should be made fully paid up within _____ from the date of issue.
 - (a) 24 Months
 - (b) **12 Months**
 - (c) 18 Months
 - (d) 6 Months

2. Cash disbursed by way of interest payment should be _____ the cash flow computation used in analysing investment because the interest factor is taken into account by the use of present value technique.
 - (a) Kept in abeyance
 - (b) Included in
 - (c) None of the above
 - (d) **Excluded from**

3. A company may cut its research and development expenses in order to increase current earnings. This action may result in an increase in market price per share temporarily but future profits of the company are likely to suffer without significant research and development and the result will be a(n) _____ in the long term.
 - (a) Normalise market price of the shares
 - (b) **Drop in the market price of the shares**
 - (c) Increase in the market price of the shares
 - (d) None of the above

4. Broadly a Finance Manager has two Channels of activities _____.
 1. Treasury Functions
 2. Business Functions
 3. Control Functions
 4. Current Earnings
 - (a) 3 and 4
 - (b) 1 and 2
 - (c) 2 and 3
 - (d) **1 and 3**

5. The cost of the project consists of the _____.

1. Land and site development
2. Building
3. Plant and machinery
4. Working capital
5. Vehicles
6. Pre-incorporation expenses

- (a) 1, 2, 3, 5 and 6
- (b) **1, 2, 3, 4, 5 and 6**
- (c) 1, 2, 3 and 6
- (d) 1, 2, 3, 4 and 6

6. A company closely held by a few shareholders in high income-tax bracket is likely to _____.

- (a) Retain the dividend
- (b) Pay out relatively high dividend
- (c) **Pay out relatively low dividend**
- (d) None of the above

7. If a company has to borrow after some time to replenish working capital impaired by dividend distribution, for all practical purposes it borrows to pay the dividends.

- (a) **Yes**
- (b) No

8. Incase of partly convertible debenture, DRR should not be created in respect of the non-convertible portion of the debentures issue.

- (a) True
- (b) **False**

9. An existing private/closely held/other unlisted company, which does not have three-year track record of consistent profitability, can issue capital to public for raising additional capital only at par provided not less than of the total issued capital is offered to public.

- (a) 25 Percent
- (b) **20 Percent**
- (c) 50 Percent
- (d) 30 Percent

10. If performance is a responsibility centre is measured in terms of both, the revenue it earns and the cost it incurs, it is called a(n) _____.

- (a) Business centre
- (b) Evaluation centre
- (c) **Profit centre**
- (d) Accounting centre