

MS FINANCE			
1)	The two alternative expected returns are compared with the help of		
	A.	Coefficient of variation	B. Coefficient of deviation
	C.	Coefficient of standard	D. Coefficient of return
2)	The chance of happening any unfavorable event in near future is classified as		
	A.	Chance	B. Event happening
	C.	Probability	D. Risk
3)	A tighter probability distribution show the		
	A.	High risk	B. Lower risk
	C.	Expected risk	D. Peaked risk
4)	The coefficient of variation is used to identify an effect of		
	A.	Risk	B. Return
	C.	Deviation	D. Both A and B
5)	The weighted average of the probability is classified as		
	A.	Average rate of return	B. Expected rate of return
	C.	Past rate of return	D. Weighted Rate of Return
6)	The type of risk in which payment are intercepted by the intervention of foreign government is consider as		
	A.	channel risk	B. globalization risk
	C.	state risk	D. country risk
7)	The risk arise from trading of asset because of chance in asset pricing and exchange rate is classified as		
	A.	asset risk	B. trade risk
	C.	market risk	D. exchange risk
8)	The risk face by the financial institution in which advancement of technology does not produce saving in cost is classified as		
	A.	Saving risk	B. Advance risk
	C.	Cost risk	D. Technology risk
9)	The risk which arises all the activities from the contingent liability and asset is consider as		
	A.	Off balance sheet risk	B. Income statement risk
	C.	Balance of trade risk	D. Balance of payment risk
10)	The maturities of liability and asset are mismatched and risk incurred by financial intermediaries then the risk is classified as		
	A.	Interest rate risk	B. Channel rate risk
	C.	Economic risk	D. Issuance risk
11)	The dollar return is divided by invested amount which is used for calculating the		
	A.	Rate of return	B. Return amount
	C.	Investment rate	D. Received amount
12)	Any analysis of decision making of investor and mangers is classified as		
	A.	Riskier finance	B. Behavioral finance
	C.	Premium finance	D. Buying finance
13)	The cash is a		
	A.	Current asset	B. Current liability
	C.	Fixed Asset	D. Fixed Liability
14)	An expected rate of return is donated by		
	A.	e-bar	B. r-bar
	C.	r-hat	D. e-hat
15)	The expected future return the tighter probability distribution show risk on given investment which is		
	A.	Smaller	B. Greater
	C.	Less risky	D. High risky

16)	An inflation free rate of return and inflation fermium are the two component of	
	A. Quoted rate	B. Un quoted rate
	C. Steeper rate	D. Portfolio rate
17)	The risk affects any firm with the factor such as war, recession, inflation and high interest rate is classified as	
	A. Diversifiable risk	B. Market risk
	C. Stock risk	D. Portfolio risk
18)	The risk on the stock portfolio which cannot be eliminated or reduced by placing it in diversified portfolio is classified as	
	A. Diversifiable risk	B. Market risk
	C. Stock risk	D. Portfolio risk
19)	In investment return, a received amount is subtracted from an investment amount which is used to calculate	
	A. Dollar received	B. Dollar return
	C. Dollar invested	D. Return percentage
20)	The past realized rate of return in period t is denoted by	
	A. \bar{r}_t	B. \hat{r}_t
	C. \hat{r}_t	D. \bar{r}_t
21)	Building is a	
	A. Current asset	B. Current liability
	C. Fixed Asset	D. Fixed Liability
22)	The external factor such as expiration of basic pattern and industry competition effect	
	A. Pattern premium	B. Competition premium
	C. Company's beta	D. Expire premium
23)	The type of risk in which beta is equal to one is classified as	
	A. Multiple risk stock	B. Varied risk stock
	C. Total risk stock	D. Average risk stocks
24)	In Balance sheet an increase in asset is	
	A. Debited	B. credited
	C. Minus	D. Added
25)	Receivable comes under the heading	
	A. Asset	B. Liability
	C. Capital	D. none of above
26)	A bank is considered as a custodian and trustee of money is	
	A. Wadiah	B. Safekeeping
	C. A & B	D. Hibah
27)	Revenue –cost=	
	A. Profit	B. Expense
	C. Capital	D. equity
28)	Assets is written under	
	A. Balance sheet	B. Income statement
	C. Trial Balance	D. T account
29)	Sukuk is Arabic name stand for	
	A. Financial liability	B. Financial certificates
	C. Financial assets	D. Financial loan
30)	A type of partnership where one party offer funds while other gives expertise and management is	
	A. Murabaha	B. Musharika
	C. Ijarah	D. Mudarabah
31)	Shirkat-ul-wujooh has its origin in Arabic word	
	A. Wajahat	B. Wajahee
	C. Waujooh	D. Wajhee
32)	Word Musharika is originated from the	
	A. Latin word	B. Arabic word

	C. Persian word	D. French word
33)	Shirkat-ul-wujooh has its origin in Arabic phrase Wajahat meaning	
	A. Reputation	B. Good will
	C. Liability	D. Assets
34)	Which is liability side financing out of these means	
	A. large enterprises financing	B. t-bill and federal investment bond/ debenture
	C. inter- bank lending/borrowing	D. B & C
35)	Expression financing certificate & certificate of investment in Musharika is	
	A. liability side financing	B. liability
	C. assets	D. assets side financing
36)	What is asset side financing out of the means	
	A. Large enterprises financing	B. Import financing
	C. Letter of credit with margin (for musharika)	D. All answers are correct
37)	Income statement is used for	
	A. Profit calculation	B. Revenue
	C. Tax	D. Share
38)	Giving share of investor to customer on lease is the	
	A. Basis of musharika	B. Basis of diminishing musharika
	C. Basis of ijarah	D. Basis of hibah
39)	An agreement in which advance fee is made for commodities to be delivered afterwards	
	A. Murabaha	B. Haisalam
	C. Ijarah	D. B & C
40)	Whose outcome are concealed is gharar describes by	
	A. Hanafi school	B. Hanbali school
	C. Zahiri school	D. Shafi school
41)	Bank are dealing a large number of commodities and services and facing a strong competition to attract	
	A. Potential buyers	B. Potential customers
	C. Potential employees	D. Potential seller
42)	Word Musharika is originated from Arabic word Sharikah meaning	
	A. Friends	B. Ijarah
	C. Lessor	D. Partnership
43)	Assets in Shirkat-ul-milk is mutually possessed but not separated yet, is known as	
	A. Shirkat-ul-malik	B. Shirkat –ul-aqd
	C. Shirkah	D. Musha
44)	Profit shall be divided in ratio mutually settled in the	
	A. Deed	B. Contract
	C. Prescribed	D. All answers are correct
45)	Working capital financing in Musharika is	
	A. Liability side financing	B. Asset side financing
	C. Asset	D. Liability
46)	How much etc in Musharika is related to	
	A. Quantified	B. Ma'loom
	C. Specified	D. A & B
47)	Product of the first type may be given to Musharika in capital while second kind of products cannot be a part of capital observation of	
	A. Imam maliki	B. Imam hanafi
	C. Imam shafi	D. Imam hanabli
48)	Which is falling is union tax?	
	A. Corporation tax	B. Taxes on agriculture income
	C. Capitation taxes	D. Land revenues

49)	Which of the following is not a union tax ?			
	A.	Taxes on railway freights and fares	B.	Stump duties on financial documents
	C.	Tolls	D.	A & B
50)	The tax levied by the union government on income of individuals is known as			
	A.	Personal income tax	B.	Interest tax
	C.	Wealth tax	D.	Corporation tax
51)	Finance is the sum study of:			
	A.	Accounting + Banking	B.	Accounting + Economics
	C.	Banking + Economics	D.	Financial accounting + Cost accounting
52)	Portfolio Management is a domain related to:			
	A.	International Business Management	B.	Insurance Management
	C.	Banking	D.	Investment Management
53)	Net Present Value (NPV) technique is used to make decision related to the:			
	A.	Capital budgeting	B.	Financial statements
	C.	Working capital	D.	Short term financing
54)	Gross profit is equals to:			
	A.	Net sales – Operating costs	B.	Net sales – Cost of goods sold
	C.	Net sales – Fixed costs	D.	Net sales – Variable cost
55)	Common size analysis is also known as:			
	A.	Vertical analysis	B.	Horizontal analysis
	C.	Index analysis	D.	Time series analysis
56)	The combination of two or more companies in which one firm survives as a legal entity is _____			
	A.	Merger	B.	Sole trader
	C.	Synergy	D.	None of the above
57)	A summary/statement of a firm's cash receipts and cash payment during a period is known as:			
	A.	Balance sheet	B.	Income statement
	C.	Cash flow statement	D.	Statement of changes in equity
58)	The value of one currency in terms of other currency is determined by:			
	A.	Growth rate	B.	Exchange rate
	C.	Value rate	D.	Terms of exchange
59)	Derivative market includes the trading of:			
	A.	Options	B.	Forwards
	C.	Futures	D.	All of the above
60)	Receivable turnover in days is shown by:			
	A.	Operating cycle	B.	365/Receivable turnover ratio
	C.	365/Payable turnover	D.	365/Cash cycle
61)	(Current Assets – Inventory) / Current Liabilities = _____			
	A.	Quick ratio	B.	Debt ratio
	C.	Net profit margin	D.	None of the above
62)	The life of a security; The amount of time before the principal amount of a security becomes due is known as:			
	A.	Marketability	B.	Tradability
	C.	Taxability	D.	Maturity
63)	The line that reflects the combination of risk and return available on alternative investment in known as:			
	A.	Capital Market Line	B.	Money Market

	C. Straight Line	D. Efficient Frontier
64)	The currency of USA is	
	A. Rupee	B. Pound
	C. Dollar	D. Riyal
65)	Risk Premium	
	A. Rm - Rf	B. Ri - E(Ri)
	C. Ri - Rf	D. Rm - E(Ri)
66)	Finance manager is responsible for	
	A. Management of Finance	B. Overconfidence
	C. Confirmation bias	D. Fusion investing
67)	Calendar Anomaly is used to test the _____	
	A. Semi strong form of market efficiency	B. Weak form of market efficiency
	C. Strong form of market efficiency	D. Information efficiency
68)	A short coming of the objective of maximizing Earning per share is:	
	A. Risk is not considered	B. Return is not considered
	C. Value is not justified	D. All of the above
69)	The _____ of perpetual Bond is simply the capitalized value of infinite stream of interest payments.	
	A. Intrinsic value	B. Critical value
	C. Liquidation value	D. Going concern value
70)	Leverage Ratio is	
	A. Debt to Equity	B. ROA
	C. ROE	D. Net sales/Total Assets
71)	The ratio which shows the relative extent to which the assets are financed with the Debt:	
	A. Total Debt/Total Equity	B. Total Debt/Total Assets
	C. EBIT/Interest expenses	D. Net sales/Total Assets
72)	Equal series of Annual Cash flows is called:	
	A. Perpetuity	B. Annuity
	C. Fair Value	D. Present Value
73)	Patents, Copyrights and Trademarks are	
	A. Current assets	B. Fixed assets
	C. Intangible assets	D. Investments
74)	The currency of United Kingdom is	
	A. Pound	B. Rupee
	C. Yen	D. Riyal
75)	A _____ is a forecast of a firm's future cash receipts and disbursements.	
	A. Capital budget	B. Cash budget
	C. Petty cash budget	D. Sales Budget
76)	Real account records	
	A. Dealings with creditors or debtors	B. Dealings in commodities
	C. Gains and losses	D. All of the above
77)	_____ = (Cost of goods sold / Average Inventory)	
	A. Receivable turnover ratio	B. Inventory turnover ratio
	C. Receivable turnover in days	D. Inventory turnover in days
78)	Total Assets - Total Liabilities = _____	
	A. Shareholder's Equity	B. Net working Capital
	C. Net Assets	D. Net Value
79)	The long term assets that have no physical existence but are rights that have value is known as	
	A. Current assets	B. ROI
	C. ROE	D. Interest Coverage Ratio
80)	The rate used to convert future values to present values is known as:	
	A. Cost of capital	B. Discount rate

	C. Internal rate of return	D. None of the above
81)	The following is a statement of revenues and expenses for a specific period of time	
	A. Trading account	B. Trial Balance
	C. Profit & Loss statements	D. Balance Sheet
82)	Money Paid or Earned for the use of money is called:	
	A. Dividend	B. Interest
	C. Profit	D. Rent
83)	The following is (are) the current liability (ies)	
	A. Bills Payable	B. Outstanding expenses
	C. Bank overdraft	D. All of the above
84)	All institutions and procedure for bringing buyers and sellers of financial instruments together in _____.	
	A. Commodity markets	B. Foreign markets
	C. Financial markets	D. Emerging markets
85)	Stock Exchange is a _____	
	A. Primary market	B. Emerging market
	C. Secondary market	D. None of the above
86)	GDP is an abbreviation of _____	
	A. Gross Domestic Price	B. Gross Domestic Product
	C. Gross Domestic Power	D. None of the above
87)	Boom, Recession, Recovery and Depression are the stages of _____	
	A. Cash cycle	B. Economic cycle
	C. Operating cycle	D. None of the above
88)	The point at which there is no loss and no profit is known as:	
	A. Break Even point	B. Fixed Cost
	C. Variable Cost	D. All of the above
89)	_____ will be credited if goods are given as charity	
	A. Cash	D. Charity
	C. Purchase	E. Sales
90)	Real income is _____	
	A. ABC system	B. Income after tax
	C. Adjusted for inflation	D. Income before tax
91)	Asset Pricing Model is used to Price the _____	
	A. Equity Shares	B. Commodity
	C. Forex	D. Interest
92)	Modaraba is mode of _____	
	A. Conventional Financing	B. Islamic Financing
	C. Strategic Financing	D. Mortgage Financing
93)	Islamic Financing principles are based on _____	
	A. Capitalism	B. Socialism
	C. Islami Shariah	D. Communism
94)	International finance is an area of _____	
	A. Marketing	B. Finance
	C. Human Resource Management	D. Operation Management
95)	Financial Management covers all domains Except _____	
	A. International Finance	B. Portfolio Management
	C. Financial statement analysis	D. Marketing Management
96)	The art and science of managing scarce resources is called _____	
	A. Economics	B. Investment
	C. Insurance	D. Behavior Sciences
97)	Working Capital Management does not include _____	
	A. Capital Structure	B. Liquidity Management

	C. Current Assets	D. Current Liabilities
98)	When two or more partners agree to start up a business is called	
	A. Partnership	B. Public limited company
	C. Mudarba	D. Sole trader
99)	Amount spent on unsuccessful patents right is a:	
	A. Capital expenditure	B. Deferred revenue
	C. Revenue Expenditure	D. None of the above
100)	Leasehold property is generally depreciated by _____	
	A. Reducing balance method	B. Annuity method
	C. Fixed installment method	D. Insurance policy method
101)	Salaries paid to an employee is debited to _____	
	A. Employee's account	B. Salaries account
	C. Cash account	D. Capital account
102)	Realisation account is a _____	
	A. Nominal account	B. Personal account
	C. Real account	D. Fictitious account
103)	In a common size balance sheet, each item is expressed as a percentage of _____	
	A. Debt capital	B. Total assets
	C. Equity capital	D. Fixed assets
104)	All of the following are current assets, except _____	
	A. Stock	B. Debtor
	C. Cash	D. Building
105)	Business means:	
	A. Industry and commerce	B. Commerce
	C. Selling and buying of goods	D. Exchanging commodities
106)	Goodwill account is a _____	
	A. Real account	B. Personal account
	C. Nominal account	D. None of the above
107)	A business is considered to be having an indefinite life according to:	
	A. Accounting period concept	B. Going Concern concept
	C. Cost concept	D. Dual concept
108)	Which of the following method of inventory valuation is based on historical cost?	
	A. LIFO	B. Specific identification
	C. Base stock	D. All of the above
109)	Purchase of furniture results in _____	
	A. Increase in liabilities	B. Increase in capital
	C. Increase in assets	D. Decrease in assets
110)	Sales and purchase journal doesn't record	
	A. Credit sales	B. Credit purchases
	C. Credit sales and purchases	D. Cash sales and purchases
111)	Right shares are the shares:	
	A. Issued by a newly formed company	B. First offered to the existing shareholders
	C. First offered to debenture holders	D. Issued to the directors of the company
112)	Fixed deposits are shown under the head:	
	A. Unsecured loan	B. Contingent liability
	C. Secured loan	D. Current liability
113)	Liquid assets include:	
	A. Cash	B. Debtors less bad debts
	C. Marketable securities	D. All of the above
114)	The immediate solvency ratio is:	

	A. Current ratio	B. Stock turns ratio
	C. Quick ratio	D. Debtors turnover ratio
115)	The statement “Higher the ratio, the more favourable it is” does not apply to:	
	A. Operating profit ratio	B. Return on investment
	C. Operating ratio	D. Stock turnover ratio

116)	The Term Inflation means _____	
	A. Rise in Prices	B. Rise in height
	C. Rise in Interest	D. Decrease in Prices
117)	The chance of happening any unfavorable event in near future is classified as	
	A. Chance	B. Event happening
	C. Probability	D. Risk
118)	Total Assets – Total Liabilities = _____	
	A. Shareholder’s Equity	B. Net working Capital
	C. Net Assets	D. Net Value
119)	The account that records expenses, gains and losses is	
	A. Personal account	B. Real account
	C. Nominal account	D. None of the above
120)	The weighted average of the probability is classified as	
	A. Average rate of return	B. Expected rate of return
	C. Past rate of return	D. Weighted Rate of Return
121)	Real account records	
	A. Dealings with creditors or debtors	B. Dealings in commodities
	C. Gains and losses	D. All of the above
122)	Balance sheets are prepared	
	A. Daily	B. Weekly
	C. Monthly	D. Annually
123)	The following is a statement of revenues and expenses for a specific period of time	
	A. Trading account	B. Trial Balance
	C. Profit & Loss statements	D. Balance Sheet
124)	Balance sheet is a statement of	
	A. Assets	B. Liabilities
	C. Capital	D. All of the above
125)	The account that records expenses, gains and losses is	
	A. Personal account	B. Real account
	C. Nominal account	D. None of the above
126)	The following is (are) the type(s) of Journal	
	A. Purchase Journal	B. Sales Journal
	C. Cash Journal	D. All of the above
127)	Any analysis of decision making of investor and managers is classified as	
	A. Riskier finance	B. Behavioral finance
	C. Premium finance	D. Buying finance
128)	The cash is a	
	A. Current asset	B. Current liability
	C. Fixed Asset	D. Fixed Liability
129)	An expected rate of return is denoted by	
	A. e-bar	B. r-bar
	C. r-hat	D. e-hat
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	A. Assets	B. Liabilities
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132)	The risk affects any firm with the factor such as war, recession, inflation and high interest rate is classified as	
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	C. Stock risk	D. Portfolio risk
133)	The following is a statement of revenues and expenses for a specific period of time	
	A. Trading account	B. Trial Balance
	C. Profit & Loss statements	D. Balance Sheet
134)	Current ratio =	
	A. Quick assets/Current liabilities	B. Current assets/Current liabilities
	C. Debt/Equity	D. Current assets/Equity
135)	The past realized rate of return in period t is denoted by	
	A. \bar{r}	B. \hat{r}
	C. r	D. \bar{r}
136)	Building is a	
	A. Current asset	B. Current liability
	C. Fixed Asset	D. Fixed Liability
137)	A higher inventory ratio indicates	
	A. Better inventory management	B. Quicker turnover
	C. Both A and B	D. None of the above
138)	Return on Investment Ratio (ROI) =	
	A. $(\text{Gross profit} / \text{Net sales}) \times 100$	B. $(\text{Gross profit} \times \text{Sales} / \text{Fixed assets}) \times 100$
	C. $(\text{Net profit} / \text{Sales}) \times 100$	D. $(\text{Net profit} / \text{Total assets}) \times 100$
139)	In Balance sheet an increase in asset is	
	A. Debited	B. credited
	C. Minus	D. Added
140)	Receivable comes under the heading	
	A. Asset	B. Liability
	C. Capital	D. none of above
141)	The accounting process involves recording	
	A. Quantifiable economic event	B. Non Quantifiable economic event
	C. All of them	D. None of them
142)	Revenue –cost=	
	A. Profit	B. Expense
	C. Capital	D. equity
143)	Assets is written under	
	A. Balance sheet	B. Income statement
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144)	Sukuk is Arabic name stand for	
	A. Financial liability	B. Financial certificates
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145)	A type of partnership where one party offer funds while other gives expertise and management is	
	A. Murabaha	B. Musharika
	C. Ijarah	D. Mudarabah
146)	The standard format of Journal does not include which of the following	
	A. Assets column	B. Date column
	C. Description column	D. Amount column
147)	Word Musharika is originated from the	
	A. Latin word	B. Arabic word
	C. Persian word	D. French word

148)	In which of the following order, data is entered into the Journal	
	A. Alphabetical order	B. Numeric order
	C. Bullets order	D. Chronological order
149)	Which is liability side financing out of these means	
	A. large enterprises financing	B. t-bill and federal investment bond/ debenture
	C. inter- bank lending/borrowing	D. B & C
150)	Expression financing certificate & certificate of investment in Musharika is	
	A. liability side financing	B. liability
	C. assets	D. assets side financing
151)	Which of the following accounts will be credited if a company purchases building for cash	
	A. Capital account	B. Fixed assets account
	C. Building account	D. Cash account
152)	Income statement is used for	
	A. Profit calculation	B. Revenue
	C. Tax	D. Share
153)	Giving share of investor to customer on lease is the	
	A. Basis of musharika	B. Basis of diminishing musharika
	C. Basis of ijarah	D. Basis of hibah
154)	Which of the following specialized journal records "goods returned by customers"	
	A. Purchase journal	B. Sales journal
	C. Purchase return journal	D. Sales return journal
155)	Sales on credit is recorded in which of the following journal	
	A. Purchase journal	B. Sales journal
	C. Purchase return journal	D. Sales return journal
156)	Bank are dealing a large number of commodities and services and facing a strong competition to attract	
	A. Potential buyers	B. Potential customers
	C. Potential employees	D. Potential seller
157)	Word Musharika is originated from Arabic word Sharikah meaning	
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	A. Credit sales	B. Credit purchases
	C. Credit sales and purchases	D. Cash sales and purchases
159)	Profit shall be divided in ratio mutually settled in the	
	A. Deed	B. Contract
	C. Prescribed	D. All answers are correct
160)	Working capital financing in Musharika is	
	A. Liability side financing	B. Asset side financing
	C. Asset	D. Liability
161)	Which of the following is a type of cash receipt journal + cash payment journal	
	A. Bank statement	B. Statement of cash flow
	C. Cash book	D. Cash documents
162)	Transferring entries from journal to ledger account is commonly known as	
	A. Recording	B. Transferring
	C. Posting	D. Entry making
163)	_____ will be credited if goods are given as charity	
	A. Cash	B. Charity
	C. Purchases	D. Sales
164)	Which of the following is not a union tax ?	
	A. Taxes on railway freights and fares	B. Stump duties on financial documents

	C. Tolls	D. A & B
165)	The matching concept matches which of the following	
	A. Asset with liabilities	B. Capital with income
	C. Revenues with expenses	D. Expenses with capital
166)	The tax on net income of companies is	
	A. Personal income tax	B. Interest tax
	C. Wealth tax	D. Corporation tax
167)	Political risk also called	
	A. Exchange rate risk	B. Business risk
	C. Country risk	D. Financial risk
168)	The concept of 'separate entity' is applicable to which of the following types of businesses	
	A. Sole proprietorship	B. Corporation
	C. Partnership	D. All of the above
169)	Depreciation is charged on fixed assets to comply with which of the following accounting principle	
	A. Matching concept	B. Prudence concept
	C. Timeliness concept	D. Reliability concept
170)	Net profit is computed in which of the following	
	A. Balance sheet	B. Income statement
	C. Cash flow statement	D. Statement of changes in equity
171)	In income statement, gross profit is always equal to	
	A. Sales - expenses	B. Income - expenses
	C. Sales - cost of goods sold	D. Sales - selling costs
172)	Eurodollar bond is denominated in	
	A. Australian dollar	B. European dollar
	C. US dollar	D. None of these
173)	Purchases + opening stock - closing stock =	
	A. Amount of sales	B. Gross profit
	C. Cost of goods sold	D. Net income
174)	Assets minus liabilities equal to	
	A. Goodwill	B. Working capital
	C. Net income	D. Capital
175)	Return on Investment Ratio (ROI) =	
	A. $(\text{Gross profit} / \text{Net sales}) \times 100$	B. $(\text{Gross profit} \times \text{Sales} / \text{Fixed assets}) \times 100$
	C. $(\text{Net profit} / \text{Sales}) \times 100$	D. $(\text{Net profit} / \text{Total assets}) \times 100$
176)	The standard format of Journal does not include which of the following	
	A. Assets column	B. Assets column
	C. Description column	D. Description column
177)	Goodwill is classified as which one of the following assets	
	A. Fixed	B. Long term
	C. Current	D. Intangible
178)	Current assets are also known as	
	A. Gross working capital	B. Invested capital
	C. Assets	D. Cash
179)	An alternative term used for accumulated depreciation expenses	
	A. Provision for depreciation	B. Asset
	C. Targeted depreciation	D. Depletion
180)	Which of the following is a primary industry?	

	A. factory	B. fruit farm
	C. general warehouse	D. supermarket
182)	"Shareholder wealth" in a firm is represented by:	
	A. the number of people employed in the firm.	B. the book value of the firm's assets less the book value of its liabilities
	C. the amount of salary paid to its employees.	D. the market price per share of the firm's common stock.
183)	The long-run objective of financial management is to:	
	A. maximize earnings per share.	B. maximize the value of the firm's common stock.
	C. maximize return on investment.	D. maximize market share
184)	Which of the following would be considered an application of funds?	
	A. a decrease in accounts receivable.	B. a decrease in cash. option
	C. an increase in account payable.	D. an increase in cash.
185)	A _____, would be an example of a <i>principal</i> , while a _____ would be an example of an <i>agent</i> .	
	A. shareholder; manager	B. manager; owner
	C. accountant; bondholder	D. shareholder; bondholder
186)	The market price of a share of common stock is determined by	
	A. the board of directors of the firm.	B. the stock exchange on which the stock is listed.
	C. the president of the company.	D. individuals buying and selling the stock.
187)	The focal point of financial management in a firm is:	
	A. the number and types of products or services provided by the firm.	B. the minimization of the amount of taxes paid by the firm.
	C. the creation of value for shareholders.	D. the dollars profits earned by the firm.
188)	The meaning of the acronym HRM is _____?	
	A. Human Relations Management	B. Humanistic Resource Management
	C. Human Resource Management	D. Human Resourceful Management
189)	In the _____, the future value of all cash inflow at the end of time horizon at a particular rate of interest is calculated.	
	A. Risk-free rate	B. Compounding technique
	C. Discounting technique	D. Risk Premium
190)	_____ is the price at which the bond is traded in the stock exchange.	
	A. Redemption value	B. Face value
	C. Market value	D. Maturity value
191)	_____ enhance the market value of shares and therefore equity capital is not free of cost.	
	A. Face value	B. Dividends
	C. Redemption value	D. Book value
192)	In _____ approach, the capital structure decision is relevant to the valuation of the firm.	
	A. Net income	B. Net operating income
	C. Traditional	D. Miller and Modigliani
193)	When _____ is greater than zero the project should be accepted.	
	A. Internal rate of return	B. Profitability index
	C. Net present value	D. Modified internal rate of return
194)	_____ is defined as the length of time required to recover the initial cash outlay.	

	A. Payback-period	B. Inventory conversion period
	C. Discounted payback-period	D. Budget period
195)	_____ refers to the amount invested in various components of current assets.	
	A. Temporary working capital	B. Net working capital
	C. Gross working capital	D. Permanent working capital
196)	_____ is the length of time between the firm's actual cash expenditure and its own cash receipt.	
	A. Net operating cycle	B. Cash conversion cycle
	C. Working capital cycle	D. Gross capital cycle
197)	_____ refers to a firm holding some cash to meet its routine expenses that are incurred in the ordinary course of business.	
	A. Speculative motive	B. Transaction motive
	C. Precautionary motive	D. Compensating motive
198)	_____ refers to the length of time allowed by a firm for its customers to make payment for their purchases.	
	A. Holding period	B. Pay-back period
	C. Average collection period	D. Credit period
199)	Amounts due from customers when goods are sold on credit are called _____.	
	A. Trade balance	B. Trade debits
	C. Trade discount	D. Trade off
200)	_____ and _____ are the two versions of goals of the financial management of the firm.	
	A. Profit maximization, Wealth maximization	B. Production maximization, Sales maximization
	C. Sales maximization, Profit maximization	D. Value maximization, Wealth maximization
201)	Which of the following is not the responsibility of financial management?	
	A. allocation of funds to current and capital assets	A. allocation of funds to current and capital assets
	C. preparation of the firm's accounting statements	C. preparation of the firm's accounting statements
202)	Consider the below mentioned statements: 1. The dividends are not cumulative for equity shareholders, that is, they cannot be accumulated and distributed in the later years. 2. Dividends are taxable. State True or False:	
	A. 1-True, 2-True	B. 1-False, 2-True
	C. 1-False, 2-False	D. 1-True, 2-False
203)	_____ and _____ carry a fixed rate of interest and are to be paid off irrespective of the firm's revenues.	
	A. Debentures, Dividends	B. Debentures, Bonds
	C. Dividends, Bonds	D. Dividends, Treasury notes
204)	Consider the below mentioned statements: 1. A debt-equity ratio of 2:1 indicates that for every 1 unit of equity, the company can raise 2 units of debt. 2. The cost of floating a debt is greater than the cost of floating an equity issue. State True or False:	
	A. 1-True, 2-True	B. 1-False, 2-True
	C. 1-False, 2-False	D. 1-True, 2-False
205)	Credit policy of every company is largely influenced by _____ and _____.	
	A. Liquidity, accountability	B. Liquidity, profitability
	C. Liability, profitability	D. Liability, liquidity
206)	XYZ is an oil based business company, which does not have adequate working capital. It fails to meet its current obligation, which leads to bankruptcy. Identify the type of decision involved to prevent risk of bankruptcy.	
	A. Investment decision	B. Dividend decision
	C. Liquidity decision	D. Finance decision
207)	Basic objective of Financial Management is _____.	
	A. Maximization of profit.	B. Maximization of shareholder's wealth
	C. Ensuring Financial discipline in the firm.	D. All of these.

208)	How are earnings per share calculated?	
	A. Use the income statement to determine earnings after taxes (net income) and divide by the previous period's earnings after taxes. Then subtract 1 from the previously calculated value.	B. Use the income statement to determine earnings after taxes (net income) and divide by the number of common shares outstanding.
	C. Use the income statement to determine earnings after taxes (net income) and divide by the number of common and preferred shares outstanding.	D. Use the income statement to determine earnings after taxes (net income) and divide by the forecasted period's earnings after taxes. Then subtract 1 from the previously calculated value
209)	Which of the following would NOT improve the current ratio?	
	A. Borrow short term to finance additional fixed assets.	B. Issue long-term debt to buy inventory.
	C. Sell common stock to reduce current liabilities.	D. Sell fixed assets to reduce accounts payable
210)	The gross profit margin is unchanged, but the net profit margin declined over the same period. This could have happened if	
	A. cost of goods sold increased relative to sales.	B. sales increased relative to expenses.
	C. Govt. increased the tax rate.	D. dividends were decreased.
211)	A capital investment is one that	
	A. has the prospect of long-term benefits.	B. has the prospect of short-term benefits.
	C. is only undertaken by large corporations	D. applies only to investment in fixed assets.
212)	Financial structure refers to _____.	
	A. Short-term resources.	B. All the financial resources.
	C. Long-term resources.	D. All of these.
213)	A company can improve (lower) its debt-to-total assets ratio by doing which of the following?	
	A. Borrow more.	B. Shift short-term to long-term debt.
	C. Shift long-term to short-term debt.	D. Sell common stock.
214)	Which of the following statements (in general) is correct?	
	A. A low receivables turnover is desirable.	B. The lower the total debt-to-equity ratio, the lower the financial risk for a firm.
	C. An increase in net profit margin with no change in sales or assets means a poor ROI.	D. The higher the tax rate for a firm, the lower the interest coverage ratio.
215)	Long term finance is required for _____.	
	A. Current assets.	B. Fixed assets.
	C. Intangible assets.	D. None of these.
216)	A firm's operating cycle is equal to its inventory turnover in days (ITD)	
	A. plus its receivable turnover in days (RTD).	B. minus its RTD.
	C. plus its RTD minus its payable turnover in days (PTD).	D. minus its RTD minus its PTD.
217)	Long term finance is required for _____.	
	A. Current assets.	B. Fixed assets.
	C. Intangible assets.	D. None of these.
218)	Uses of funds include a (an):	
	A. decrease in cash.	B. increase in any liability
	C. increase in fixed assets.	D. tax refund.
219)	Which of the following would be included in a cash estimation/ budget?	
	A. depreciation charges.	B. dividends.
	C. goodwill.	D. patent amortization.

220)	Which of the following is NOT a cash outflow for the firm?			
	A. depreciation.	B. dividends.		
	C. interest payments.	D. taxes.		
221)	The gross profit margin is unchanged, but the net profit margin declined over the same period. This could have happened if			
	A. cost of goods sold increased relative to sales.	B. sales increased relative to expenses.		
	C. Govt. increased the tax rate.	D. dividends were decreased.		
222)	To increase a given present value, the discount rate should be adjusted			
	A. upward.	B. downward.		
	C. No change.	D. constant		
223)	An increase in the firm's receivable turnover ratio means that:			
	A. it is collecting credit sales more quickly than before.	B. cash sales have decreased		
	C. it has initiated more liberal credit terms.	D. inventories have increased		
224)	What are the different options other than cash used for distributing profits to shareholders?			
	A. Bonus shares	B. Stock split		
	C. Stock purchase	D. All of these		
225)	Which of the following is the first step in capital budgeting process?			
	A. Final approval.	B. Screening the proposal.		
	C. Implementing proposal.	D. Identification of investment proposal.		
226)	_____ is a payment of additional shares to shareholders in lieu of cash.			
	A. Stock split.	B. Stock dividend.		
	C. Extra dividend.	D. Regular dividend.		
227)	Land at prime locations, modern buildings, machinery in good condition, etc are accepted as _____.			
	A. Funds.	B. Security.		
	C. Liquid cash.	D. Debt.		
228)	The risk averse prefers debt instruments, while the risk seekers go for _____.			
	A. Equity investments.	B. Preference investments.		
	C. Debt investments.	D. None of these.		
229)	Permanent working capital _____.			
	A. Varies with seasonal needs.	B. Includes fixed assets.		
	C. Is the amount of current assets required to meet a firm's long-term minimum needs.	D. Includes accounts payable.		
230)	_____ refers to a firm holding some cash to meet its routine expenses that are incurred in the ordinary course of business.			
	A. Speculative motive	B. Transaction motive		
	C. Precautionary motive	D. Compensating motive		
231)	What are the different options other than cash used for distributing profits to shareholders?			
	A. Bonus shares	B. Stock split		
	C. Stock purchase	D. All of these		
232)	_____ contains an authoritative description of the merchandise shipped			
	A. Consular invoice	B. Commercial invoice		
	C. Bill of lading	D. Insurance		
233)	A direct exchange of goods between two parties without the use of money.			
	A. Counter purchase	B. Buyback		

	C. Barter	D. None of these
234)	If the cash flow occurring at the end of each of each year such annuity is called	
	A. Another appropriate method	B. Cost plus method
	C. Resale price method	D. Comparable uncontrolled price method
235)	Which financial statement displays the revenues and expenses of a company for a period of time?	
	A. Annuity Due	B. Ordinary Annuity
	C. Perpetuity	D. Mixed Stream
236)	The purpose of the _____ is to finance various projects in the private sector through loans and equity participations	
	A. IBRD	B. IFC
	C. IDA	D. None
237)	What is the main purpose of financial accounting?	
	A. Organize financial information	B. To provide useful information for stakeholders
	C. To prepare tax	D. To calculate profit
238)	Beta Coefficient in a CAPM model is a measure of	
	A. Diversifiable risk	B. Non-Diversifiable Risk
	C. Country Risk	D. Transaction Risk
239)	In financing a project, there is a risk that the project will not give those sufficient revenues to cover operation costs as well as the capacity to repay debt obligations is called	
	A. Country Risk	B. Transaction Risk
	C. Economic Risk	D. Liquidity Risk
240)	Risk associated with a country due to its political, economic, and geographic conditions is called	
	A. Country Risk	B. Diversifiable Risk
	C. Transnational Risk	D. Business Risk
241)	In Pakistan the economic system is	
	A. Capitalism	B. Socialism
	C. Islamic Economic System	D. Mixed Economic System
242)	The first step in accounting is to record the transactions in	
	A. Journal	B. Ledger
	C. Trial Balance	D. Adjustments
243)	Financial position of a business or Size of the business is reflected by the	
	A. Income statement	B. Balance Sheet
	C. Cash flow Statement	D. Statement of Owners Equity
244)	The goal of a firm is to maximize	
	A. The wealth of the owners	B. Profit of the firm

	C. Saving of the firm	D. Investment of the firms
245)	In Money Market securities are traded which are	
	A. Long term Securities	B. Short Term Securities
	C. Government Bonds	D. All above Options
246)	Derivative Market includes the trading of	
	A. Options	B. Forward
	C. Future	D. All of Above
247)		