## Advance Financial Mgmt.

**1.** Ratios analyse the post data. In the dynamic business conditions, the past trend do not shown any tendency to continue in future. Thus ratios ____________.

(a) **Tell very little about the future events**
(b) Play an important role in forecasting future
(c) Are of prime importance to investors
(d) None of the above

**2.** Cover indicates that _________.

(a) Money is safe with which it is invested
(b**) By how many times the earnings are covering the dividend**
(c) Investment is covered from all risks
(d) None of the above

**3.** Comparative financial statements help the management to identify the areas in which it has failed and the reasons for which it has failed.

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

**4.** Items appearing on the liability side of the balance sheet represent source of funds from ________.

1. Shareholders
2. Lenders
3. Internal generations

(a) **1, 2 and 3**
(b) 1 and 2
(c) 2 and 3
(d) 1 and 3

**5.** If assets are sold at a profit the total cash realisation including profit cannot be shown as a source.

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

**6.** Transactions that generate funds into the business are termed as ______________.

(a) Liabilities
(b) Investments
(c) **Sources of funds**
(d) Application of funds

**7.** Ratios have to be interpreted properly to get the full benefit of this technique. The methods are _____________.

1. Interpretation of a single ratio
2. Interpretation of a group ratio
3. Interpretation of a trend ratio
4. Interpreting a ratio through inter firm comparison
5. Interpreting through functional classification

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

**8.** The costs are generally classified into groups and ratios are ascertained accordingly.

1. Cost of goods sold
2. Administrative costs
3. Sales and distribution costs
4. Finance costs
5. Managing costs

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

**9.** The interest on borrowed funds, is a charge against profits, i.e. it must be paid irrespective of profits, while the __________ on preference capital is an appropriation from profits.

(a) Profit
(b) Interest
(c) **Dvidend**
(d) None of the above

**10. I**n case of Time adjusted/discounted cash flow of capital budgeting evaluation technique is/are ___________________.

(a) Internal rate of return
(b) Profitability index
(c) Net present value
(d) **All of the above**