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Case Studies In Business Studies

1. Business finance is needed to
(a) Establish a business.   (b) Run a business
(c) Expand a business.   (d) All of the above

Answer: d

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2. Which of the following is not a tangible asset?
(a) Machinery.   (b) Trademarks
(c) Factories.   (d) Offices

Answer: b

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3. Financial Management aims at
(a) Reducing the cost of funds procured
(b) Keeping the risk under control
(c) Achieving effective deployment of such funds
(d) All of the above

Answer: d

4. Primary aim of financial management is to
(a) Maximise shareholder's wealth
(b) Wealth maximisation concept
(c) Maximisation of the market value of equity shares
(d) All of the above

Answer: d

5. This decision relates to how the firm’s funds are invested in different assets,
(a) Investment decision. (b) Financing decision
(c) Dividend decision. (d) None of the above

Answer: a

6. Purchasing a new machine to replace an existing one is an example of
(a) Financing decision. (b) Dividend decision
(c) Working capital decision. (d) Capital budgeting decision

Answer: d

7. The size of assets, the profitability and competitiveness are all affected by
(a) Working capital decision. (b) Capital budgeting decision
(c) Financing decision. (d) Dividend decision

Answer: b

8. These decisions affect the liquidity as well as profitability of a business.
(a) Capital budgeting decision. (b) Financing decision
(c) Working capital decision. (d) Dividend decision

Answer: c

9. Dev has two projects A and B in hand. The same amount of risk is involved in both the projects. If the rate of return of project A and B is 20% and 15% respectively, then under normal circumstance, which of the two projects is likely to be selected?
(a) Project A. (b) Project B
(c) Both project A and project B. (d) None of the above

Answer: a

10. This decision is about the quantum of finance to be raised from various long-term sources.
(a) Investment decision. (b) Financing decision
(c) Dividend decision. (d) Capital budgeting decision

Answer: b

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11. The inability of a business to meet its fixed financial obligations, like payment of interest, is known as
(a) Business risk. (b) Financial risk
(c) Long-term risk. (d) Market risk

Answer: b

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12. The overall financial risk depends upon the
(a) Proportion of debt in the total capital
(b) Proportion of equity in the total capital
(c) Both of the above
(d) None of the above

Answer: a

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13. This decision determines the overall cost of capital and the financial risk of the enterprise,
(a) Dividend decision
(b) Capital budgeting decision
(c) Investment decision
(d) Financing decision

Answer: d

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14. Which of the following sources of capital should not be selected by a business if its fixed cost is high?
(a) Equity shares
(b) Preference shares
(c) Debentures
(d) All of the above

Answer: c

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15. When the stock market index is rising, a company may issue in order to meet its financial requirements.
(a) Debentures
(b) Bonds
(c) Equity shares
(d) None of the above

Answer: c
