

Question No : 1 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following formula represents balance sheet identity?

Answer ( Please select your correct option )

- Assets = Liabilities – Stockholder’s equity
- Assets + Liabilities = Stockholder’s equity
- Assets = Liabilities + Stockholder’s equity
- Assets + Stockholder’s equity = Liabilities

**Made By: Waqar Siddhu**

Question No : 2 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following is the acronym for GAAP?

Answer ( Please select your correct option )

- Generally Applied Accountability Principles
- General Accounting Assessment Principles
- Generally Accepted Accounting Principles
- General Accepted Assessment Principles

**Made By: Waqar Siddhu**

Question No : 3 of 27

Marks: 1 (Budgeted Time 1 Min)

What would be the amount of current assets for a company which has a current ratio of 4:1 and net working capital of Rs. 30,000?

Answer ( Please select your correct option )

- Rs. 6,000
- Rs. 10,000
- Rs. 24,000
- Rs. 40,000

**Made By: Waqar Siddhu**

Question No : 4 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following is an internal use of financial statements information?

Answer ( Please select your correct option )

- Evaluation of credit standing of new customer
- Evaluation of financial worth of supplier
- Evaluation of performance through profit margin and return on equity
- Evaluation of potential strength of the competitor

**Made By: Waqar Siddhu**

Question No : 5 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following method of benchmarking is based on historic data of the firm?

Answer ( Please select your correct option )

- Time-trend analysis
- Peer group analysis
- Standardized analysis
- None of the given options

**Made By: Waqar Siddhu**

Question No : 6 of 27

Marks: 1 (Budgeted Time 1 Min)

In how many years, an amount will be doubled at a discount rate of 12 percent?

Answer ( Please select your correct option )

- 4 years
- 6 years
- 8 years
- Cannot be determined without more information

**Made By: Waqar Siddhu**

Question No : 7 of 27

Marks: 1 (Budgeted Time 1 Min)

The preferred stock of a company currently sells for Rs. 23.25 per share. The annual dividend of Rs. 1.50 is fixed. Assuming a constant dividend forever, what is the rate of return on this stock?

Answer ( Please select your correct option )

3.49 percent

5.06 percent

6.45 percent

8.50 percent

**Made By: Waqar Siddhu**

Question No : 8 of 27

Marks: 1 (Budgeted Time 1 Min)

What will be the coupon value of a Rs. 1,000 face-value bond with a 12% coupon rate?

Answer ( Please select your correct option )

Rs. 120

Rs. 510

Rs. 1,000

Rs. 1,020

**Made By: Waqar Siddhu**

Question No : 9 of 27

Marks: 1 (Budgeted Time 1 Min)

Given two bonds identical but for maturity, the price of the longer-term bond will change \_\_\_\_\_ that of the shorter-term bond, for a given change in market interest rates.

Answer ( Please select your correct option )

More than

Less than

Equal to

None of the given options

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Question No : 10 of 27

Marks: 1 (Budgeted Time 1 Min)

Given two bonds identical but for maturity, the price of the shorter-term bond will change \_\_\_\_\_ that of the longer-term bond, for a given change in market interest rates.

Answer ( Please select your correct option )

- More than
- Less than
- Equal to
- None of the given options

**Made By: Waqar Siddhu**

Question No : 11 of 27

Marks: 1 (Budgeted Time 1 Min)

The price of a Rs. 1,000-face value bond is Rs. 1,000. What will be the yield to maturity if there is a coupon payment of Rs. 80 for 6 years?

Answer ( Please select your correct option )

- Greater than 8%
- Lower than 8%
- Equal to 8%
- Cannot be determined without more information

**Made By: Waqar Siddhu**

Question No : 12 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following term refers to a contract between the bond issuer and bondholders?

- Bond debenture
- Bond indenture
- Bond contract
- Bond yield

**Made By: Waqar Siddhu**

Question No : 13 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following short-term rating by PACRA denotes an inadequate capacity to ensure timely repayment?

Answer ( Please select your correct option )

- A
- B
- C
- D

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Question No : 14 of 27

Marks: 1 (Budgeted Time 1 Min)

Which one of the following is a CORRECT statement about the Price-Earning Ratio?

Answer ( Please select your correct option )

- A high PE ratio generally means a firm has little prospect for future.
- A firm with high earning per share will also have a very high PE ratio.
- Care must be taken in interpreting very high PE ratios since they can result from a firm having very low earnings.
- A firm with high earnings per share will also have a very high PE ratio.

**Made By: Waqar Siddhu**

Question No : 15 of 27

Marks: 1 (Budgeted Time 1 Min)

Atiq, a fresh graduate, decides to go for a business. He wants a business that is easy to start and all the profit should remain with him only. Which of the following type of business is best suited to his requirement ?

Answer ( Please select your correct option )

- Sole proprietor
- Corporation
- Partnership
- Non-government organization

**Made By: Waqar Siddhu**

Question No : 16 of 27

Marks: 1 (Budgeted Time 1 Min)

What would be the taxable income of a company, which has paid Rs. 70,000 as tax amount and its average tax rate is 35% ?

Answer ( Please select your correct option )

- Rs. 150,000
- Rs. 200,000
- Rs. 24,500
- Rs. 95,000

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Question No : 17 of 27

Marks: 1 (Budgeted Time 1 Min)

Net Income after Taxation shown in the Income Statement and the Net Cash Flow from operations shown in the Cash Flow Statement disagree because:

Answer ( Please select your correct option )

- Depreciation expense is shown in the Cash Flow Statement and not in the Income Statement
- Cash sales are shown in the Cash Flow Statement but not in the Income Statement
- Non-cash items are included in the Income Statement, but not in the Cash Flow Statement
- Cash expenses are shown in the Cash Flow Statement but not in the Income Statement

**Made By: Waqar Siddhu**

Question No : 18 of 27

Marks: 1 (Budgeted Time 1 Min)

All of the following would improve the current ratio EXCEPT:

- Selling fixed assets to reduce accounts payable
- Borrowing short-term to finance additional fixed assets
- Issuing long-term debt to buy inventory
- Selling common stock to reduce current liabilities

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Question No : 19 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following term refers to the ability to convert an asset into cash quickly ?

Answer ( Please select your correct option )

- Analysis
- Structuring
- Budgeting
- Liquidity

**Made By: Waqar Siddhu**

Question No : 20 of 27

Marks: 1 (Budgeted Time 1 Min)

You are to receive Rs. 10,000 after 3 years. The present value of that future amount would \_\_\_\_\_ if there is a sudden increase in interest rates.

Answer ( Please select your correct option )

- Fall
- Rise
- Remain same
- Cannot be determined without more information

**Made By: Waqar Siddhu**

Question No : 21 of 27

Marks: 1 (Budgeted Time 1 Min)

Which of the following is CORRECT regarding the present value discount factor?

- It is equal to zero when discount rate is zero
- It increases as the time period increases
- It decreases as the discount rate increases
- It is always greater than 1.0

**Made By: Waqar Siddhu**

Question No : 22 of 27

Marks: 1 (Budgeted Time 1 Min)

What would be the net working capital of a company, which is having current ratio of 1.5 ?

Answer ( Please select your correct option )

- Positive
- Negative
- Zero
- Cannot be determined from the given information

**Made By: Waqar Siddhu**

Question No : 23 of 27

Marks: 3 (Budgeted Time 6 Min)

Calculate Interest Coverage Ratio and Cash Coverage Ratio by using the data from the following Income Statement of ABC Inc.

ABC Inc., Income Statement	
For the Year 2010	
Rs. In millions	
Net sales	2412.
Cost of goods sold	1384

Answer ( Please click here to Add Answer )

Rich text editor toolbar with options: Bold, Italic, Underline, Text Color, Background Color, Bulleted List, Numbered List, Indent, Outdent, Undo, Redo, Link, Unlink, Image, Table, Full Screen, Print, 100% zoom.

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Question No : 23 of 27

Marks: 3 (Budgeted Time 6 Min)

Rs. In millions	
Net sales	2412
Cost of goods sold	1384.
Depreciation	280
Earning before interest and taxes	748
Interest	150

Answer ( Please click here to Add Answer )

Rich text editor toolbar with options: Bold, Italic, Underline, Text Color, Background Color, Bulleted List, Numbered List, Indent, Outdent, Undo, Redo, Link, Unlink, Image, Table, Full Screen, Print, 100% zoom.

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Question No : 23 of 27

Marks: 3 (Budgeted Time 6 Min)

Cost of goods sold		1384
Depreciation		280
Earning before interest and taxes	748	
Interest	153	
Taxable income	595	
Taxes		202

Answer ( Please click here to Add Answer )

Rich text editor toolbar with options for Bold, Italic, Underline, and text color.

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Question No : 23 of 27

Marks: 3 (Budgeted Time 6 Min)

Earning before interest and taxes	748	
Interest	153	
Taxable income	595	
Taxes		202
Net income		393

Answer ( Please click here to Add Answer )

Rich text editor toolbar with options for Bold, Italic, Underline, and text color.

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Question No : 23 of 27

Marks: 3 (Budgeted Time 6 Min)

Earning before interest and taxes	748	
Interest	153	
Taxable income	595	
Taxes		202
Net income		393

Answer ( Please click here to Add Answer )

Rich text editor toolbar with options for Bold, Italic, Underline, and text color.

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Question No : 24 of 27

Marks: 3 (Budgeted Time 6 Min)

Pervaiz wants Rs. 1,000,000 after 14 years for his child's higher education. He can earn 16% compounded annually. How much each deposit must be if he made equal annual deposits over the years ?

Answer ( [Please click here to Add Answer](#) )

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Question No : 25 of 27

Marks: 3 (Budgeted Time 6 Min)

ABC Company issues a 5-years zero coupon bond with face value of Rs. 5,000. The initial price is set at Rs. 1,850 with a yield to maturity of 22%. Calculate the value of implicit interest expense for first 2 years separately.

Answer ( [Please click here to Add Answer](#) )

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Question No : 26 of 27

Marks: 5 (Budgeted Time 10 Min)

Jiminy Cricket Removal has a profit margin of 10 percent, total asset turnover of 1.35, and ROE of 15.70 percent. What is this firm's debt-equity ratio?

Answer ( [Please click here to Add Answer](#) )

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Question No : 27 of 27

Marks: 5 (Budgeted Time 10 Min)

ABC Corporation issues a bond with 7% coupon rate and 6 years remaining until maturity. The face value of the bond is Rs.5,000. Determine the current value of bond if present market conditions justify an 11% required rate of return.

Answer ( [Please click here to Add Answer](#) )

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