Government Degree College Mummidivaram

(Affiliated to Adikavi Nannayra University) Rajamahendravaram

Department of Commerce

Course	B.Com Computer Applications			Date of Quiz	13.02.2025
Academic Year	2024-25	Class	Second Year	Semester	IV

Quiz on Financial Management

Name of Student		Roll No.	

1. Basic objective of Financial Management is ________________.
   A. Maximization of profit. **B**. Maximization of share holder's wealth
   C. Ensuring Financial discipline in the firm. **D**. All of these.
2. Financial structure refers to ________________.
   A. Short-term resources. **B.** All the financial resources.
   C. Long-term resources. **D.** All of these.
3. The market value of the firm is the result of__________.
   A. Dividend decisions. **B**. Working capital decisions.
   C. Capital budgeting decisions. **D**. Trade-off between risk and return.
4. Cost of capital is __________________.
   A. Lesser than the cost of debt capital. **B.** Equal to the last dividend paid to the equity shareholders.
   C. Equal to the dividend expectations of equity shareholders for the coming year. **D.** None of the above.
5. ___________ security is known as variable income security.
   A. Debentures. **B**. Preference shares. **C.** Equity shares. **D.** None of these.
6. Quick asset does not include ____________.
   A. Government bonds. **B.** Book debts **C.** Advance for supply of raw materials. **D.** Inventories.
7. Long term finance is required for ______________.
   A. Current assets. **B.** Fixed assets. **C.** Intangible assets. **D.** None of these.
8. Risk-return trade off implies_____________.
   A. Increasing the portfolio of the firm through increased production.
   B. Not taking any loans which increases the risk.
   C. Not granting credit to risky customers.
   D. Taking decision in such a way which optimizes the balance between risk and return.
9. ________ is concerned with the acquisition, financing, and management of assets with some overall goal in mind.
   A. Financial management. **B**. Profit maximization.
   C. Agency theory. **D**. Social responsibility.
10. __________ is concerned with the maximization of a firm's earnings after taxes ANSWER: B
    A. Shareholder wealth maximization. **B**. Profit maximization.
    C. Stakeholder maximization. **D**. EPS maximization.
11. ________________ is the most appropriate goal of the firm.
    A. Shareholder wealth maximization. **B**. Profit maximization.
    C. Stakeholder maximization. **D**.EPS maximization
12. Which of the following statements is correct regarding profit maximization as the primary goal of the firm?
    A. Profit maximization considers the firm's risk level.
    B. Profit maximization will not lead to increasing short-term profits at the expense of lowering expected future profits.
    C. Profit maximization does consider the impact on individual shareholder's EPS.
    D. Profit maximization is concerned more with maximizing net income than the stock price.