

M.Com. Part II Semester IV

Advanced Accountancy Paper VII (Financial Management)

Q. Select the most appropriate alternative.

- 1 Which of the following capital budgeting techniques takes into account the incremental accounting income rather than cash flows?
 - A) Net present value
 - B) Internal Rate of Return
 - C) Accounting Rate of Return
 - D) Cash Pay Back Period
- 2 If you have to judge a project from its NPV, you will select the one with the.....?
 - A) Highest NPV
 - B) Lowest NPV
 - C) NPV cannot judge the project
 - D) Information is not enough
- 3 Payback period takes into account.....
 - A) Profit
 - B) Cash flow
 - C) Working capital
 - D) Taxes
- 4 Risk in capital budgeting is same as...
 - A) Uncertainty of Cash Flow
 - B) Probability of Cash Flow
 - C) Certainty of Cash Flow
 - D) Variability of Cash Flow
- 5 In Payback Period Approach to risk the target payback period is..
 - A) Not adjusted
 - B) Adjusted upward
 - C) Adjusted downwards
 - D) B or C

Answers : 1-C, 2-A, 3-B, 4-D, 5-C