

**B. P. COLLEGE OF BUSINESS ADMINISTRATION**

(Constituent College of Kadi Sarva Vishwavidyalaya)

BBA SEM – III**MCQ TEST September 2013****SUB: FINANCIAL MANAGEMENT - I (BBA 18)****Date: 10/09/13****Day: Monday****Total Marks: 60****Duration: 40 minutes****Instructions:**

- All questions are compulsory and all questions carry 2 marks each.

Read the following information and answer question 1 to 11. Use the format given for Workings.

Number of units sold: 25,000; Selling Price per unit: Rs. 20; Variable Cost per unit: Rs. 8; Tax Rate: 40%; Fixed Cost: Rs. 80,000; Debt of Rs. 4,00,000 having 10% rate of interest; Preference Share Capital of Rs. 1,50,000 having 12% rate of dividend. Number of Equity Shares: 15,000.

Sr. No.	Particulars	Rs.
1	Sales	
2	Less: Variable Costs	
3	Contribution	
4	Less: Fixed Costs	
5	EBIT	
6	Less: Interest	
7	EBT	
8	Less: Tax@ 40%	
9	PAT	
10	Less: Preference Share Dividend	
11	Profit for Equity Share Holders	
12	Divided By: Number of Equity Shares	
13	EPS	

- What is degree of operating leverage?
a 2.7272 b 2.2727 c 2.1212 d 1.3636
- What is degree of financial leverage?
a 1.4667 b 1.2222 c 2.7272 d 2.2727
- What is degree of combined leverage?
a 1.1186 b 1.6667 c 2.0000 d 2.2727
- What is EPS?
a 11 b 6 c 11.8 d 12.8
- What will be percentage change in EBIT if Sales increase by 15%?
a 34 b 43 c 34.09 d 20.45
- What will be percentage change in EPS if EBIT increase by 20%?
a 29.33 b 24.44 c 34.09 d 20.45
- What will be percentage change in EPS if Sales decrease by 20%?
a 50.85 b 33.33 c 40.00 d 55.93
- What is percentage change in sales to make EBIT zero?
a 33.47 b 73.34 c 34.74 d 43
- What is percentage change in sales to make EPS zero?
a 50.00 b 33.39 c 60.00 d 55.93
- What is percentage change in EBIT to double up EPS?
a 39.33 b 89.39 c 81.82 d 68.18
- What is Break Even Point?
a 6,000 b 6,667 c 4,500 d 14,000

Answer the following questions:

- Which of the following is not an advantage of equity share capital?
a No burden of refund of capital b No interference in management
c Assets are burden free d No compulsion of dividend payment

