# MGT201 FINANCIAL MANAGEMENT MCQS WITH ANSWERS 2024

1: Standard deviation measured the possible deviation of actual return from the mean

False
True

The extent to which independent variables jointly explain the dependent variable can be
estimates with the value of

**R square**Error term
p-value
t stat value

Which of the following refers to the mutual relationship between two variables or stocks?

Dispersion
**Correlation**Covariance
Variance

The additional factor that differentiates the three-factor and four-factor models is the momentum

True
**False**

Investor’s return can never be ZERO even on ZERO risk

True
**False**

All of the following can be stock beta values, EXCEPT:

More than 1
Equal to 1
Less than 1
**Less than 0**

CAPM model is used for describing the relationship between:

**Systematic risk and expected return**Systematic risk and actual return.
Unsystematic risk and expected return
Unsystematic risk and actual return

Followings are the other names of unsystematic risk, EXCEPT:

Specific risk
Residual risk
Unique risk
**Controllable risk**

Time Risk and return are two interrelated concepts that is why it is difficult to study both concepts separately

**True**False

The correct abbreviation of the CAPM model is:

Capital Asset Purchasing Model
Capital Asset Purchasing Method
Capital Asset Pricing Method.
**Capital Asset Pricing Model**

Followings are the other names of unsystematic risk, EXCEPT:

Residual risk
**Controllable risk**Specific risk
Unique risk

Which of the following measures can be used to calculate the individual’s stock risk?

Mean
Median
**Standard deviation**Mode

Time Left A famous phrase “not putting your all eggs in one basket” refers to which of the following concepts?

Risk
Equity
Return
**Diversification**

Standard deviation measured the possible deviation of actual return from the mean

False
**True**

For calculating the portfolio beta, the beta of each company is multiplied by the company’s percentage of investment

False
**True**

The contribution margin can be determined by using a formula.

Contribution margin = Sales per unit / Variable cost per unit
Contribution margin = Sales per unit + Variable cost per unit
**Contribution margin = Sales per unit – Variable cost per unit**Contribution margin = Sales per unit \* Variable cost per unit

What will be the contribution margin per unit if the sales price is Rs. 20 per unit, the variable cost is Rs.8 per unit and the fixed cost is Rs. 50,000?

Rs. 20
Rs. 28
**Rs. 12**None of the given options

What will be the contribution margin ratio if the sales price is Rs. 25 per unit, the variable cost is Rs.12 per unit and the company is producing 50000 units?

**52%**50%
48%
None of the given options

Credit rating helps to determine:

Profit margin
**Creditworthiness**All of the given options
Credit period

Which of the following is the source of cash for the companies?

**All of the given options**Loan from a bank
Sale of company’s assets
Sales of the company

Credit rating helps to determine:

**Creditworthiness**Credit period
All of the given options
Profit margin

In an aggressive approach to working capital management, the profit is maximum and the cost of financing is minimum.

**False**True

Cash budget includes all EXCEPT:

Receipts
Payments
Surplus or Deficit
**Reserves**

Which of the following represents stock in trade?

Work in Process
Raw material
**All of the given options**Finished Goods