



# K.S.Rangasamy College of Technology

(Autonomous)

Tiruchengode – 637 215

## Department of Textile Technology

Name of the Subject : Financial Management And Costing For Textile And Apparel Industry

S.No.	Questions	Choice 1	Choice 2	Choice 3	Choice 4	Correct Choice
1	Financial management mainly focuses on	Efficient management of every business	Brand dimension	Arrangement of funds	All elements of acquiring and using means of financial resources for financial activities	All elements of acquiring and using means of financial resources for financial activities
2	Investment is the	net additions made to the nations capital stock	persons commitment to but a flat or house	employment of funds on assets to earn returns	employment of funds on goods and services that are used in production process.	employment of funds on assets to earn returns

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3	The primary goal of the financial management is _____	to maximize the return	to minimize the risk	to maximize the wealth of owners	to maximize profit	to maximize the wealth of owners
4	The elements of acquiring and using means of financial resources for financial activities is	Financial Management	Cost Accounting	Cost Sheet	Capital Budgeting	Financial Management
5	A project whose acceptance prevents the acceptance of another project is known as	a dependent	an independent project	a mutually exclusive project	a rational project	a mutually exclusive project
6	The objective of wealth maximization takes into account of the	Amount of returns expected	Returns	uncertainty	Risk	Amount of returns expected
7	The only feasible purpose of financial management is	Wealth Maximization	Sales Maximization	Profit Maximization	Assets maximization	Wealth Maximization
8	A unit of money obtained today is worth more than a unit of money obtained in future	Present Value of Money	Time Value of Money	Future Value of Money	Past Value of Money	Time Value of Money

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9	In his traditional role the finance manager is responsible for	proper utilization of funds	arrangement of financial resources	acquiring capital assets of the organization	efficient management of capital	arrangement of financial resources
10	A project whose acceptance requires the acceptance of another project is known	an independent project	a dependent project	an essential project	a contingent project	a dependent project
11	Which of the following techniques does not take into account the time value of money?	Internal rate of return method	Simple cash payback method	Net present value method	Discounted cash payback method	Simple cash payback method
12	A cost of new machine X is 60,000 and the expected cash inflow from that machine will be 20,000. Compute payback period.	3.25 years	3.0 years	3.75 years	4.25 years	3.0 years
13	The Investment required for a project is Rs.160,000 and the annual cash inflows is Rs. 40,000. Compute PBP	5 years	4 years	3.75 years	4.25 years	4 years

S.No.	Questions	Choice 1	Choice 2	Choice 3	Choice 4	Correct Choice
14	The Cash outflow of a firm Rs. 2,00,000 and the annual cash inflow is Rs. 50,000. Compute the PBP	5 years	4 years	4.75 years	5.25 years	5 years
15	The current worth of a sum of money to be received at a future date is called	real value	future value	present value	salvage value	future value
16	Initial investment required: Rs.800,000 Annual incremental revenue: Rs.180,000 Annual incremental expenses: Rs.60,000 Compute ARR	12%	13.50%	15%	16.40%	15%
17	An average annual investment of Rs.1,00,000 is expected to generate average annual profit of Rs.40,000 for an year. Calculate its Annual Rate of Return	40%	12.50%	10%	2.50%	40%
18	The difference between the present value of cash inflows and the present value of cash outflows associated with a project is known as	net present value of the project	Present future value of the project	net historical value of the project	net salvage value of the project	net present value of the project

S.No.	Questions	Choice 1	Choice 2	Choice 3	Choice 4	Correct Choice
19	If present value of cash outflow is equal to present value of cash inflow, the net present value will be	Positive	Negative	Zero	Infinite	Zero
20	If present value of total cash outflow is Rs.15,000 and present value of total cash inflow is Rs.14,000, what is the net present value of the project?	1250	1500	1000	1300	1000
21	Generally, a project is considered acceptable if its net present value is:	negative or zero	negative or positive	positive or zero	negative	positive or zero
22	An increase in the discount rate will	have no effect on net present value.	compensate for reduced risk.	reduce the present value of future cash flows	increase the present value of future cash flows.	reduce the present value of future cash flows

S.No.	Questions	Choice 1	Choice 2	Choice 3	Choice 4	Correct Choice
23	If two alternative investments are compared using incremental cost approach, the difference between the net present values of two alternatives will be	greater than the difference obtained using total cost approach	the same as the difference obtained using total cost approach	less than the difference obtained using total cost approach	indeterminable	the same as the difference obtained using total cost approach
24	IRR is a discounted cash flow (DCF) technique which means that it incorporate	the time value of money	the pay back period	rate of return	All the above	the time value of money
25	In IRR, the initial outlay/investment in any project must be compensated by_____ which far exceed the initial investment.	net profit	net cash flows	net cash outflow	net cash inflow	net cash flows
26	IRR is most commonly calculated using ----- Method	Hit & Trial	Linear	Interpolation	Progressive	Hit & Trial

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27	A machine can reduce annual cost by Rs.40,000. The cost of the machine is Rs.223,000 and the useful life is 15 years with zero residual value. Compute internal rate of return factor of the machine.	5.275	5.575	5.75	5.95	5.575
28	The cost of the machine is Rs.50,000 and the machine can create the annual cash flow by Rs.4,000. Compute internal rate of return factor of the machine.	7.5	10.5	12.5	15	12.5
29	The Profitability Index (PI) measures the ratio between the _____ and the initial investment.	present value of future cash flows	present value of future cash outflows	present value of cash Inflows	present value of cash flows	present value of future cash flows
30	A project initial investment is Rs.1,00,000, now the Net cash flow of the project is Rs.1,12,000. Calculate the Profitability Index.	0.89	0.95	1.12	1.17	1.12

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31	_____ is the life blood and nerve centre of a business.	Operating Cycle	Sales	Profit	Working capital	Working capital
32	_____ refers to the circulating capital required to meet the day to day operations of a business firm	Cost Accounting	working capital	capital structure	capital budgeting	working capital
33	Working capital means	Excess Assets	Current Liabilities	Current Assets	Short term Assests	Current Assets
34	_____ refers to the circulating capital required to meet the day to day operations of a business firm	Working capital	Capital Budgeting	Capital Structure	Capital Investment	Working capital
35	In case of trading concerns, the operating cycle will be	Cash – WIP – Stock – Cash	Cash - Stock - Debtors - Cash	Cash – Finished goods – Debtors – Cash	Cash – Debtors – Stock – Cash	Cash - Stock - Debtors - Cash
36	Working capital may computed by_____	EOQ	Cost Sheet	Pay Back	Operating Cycle	Operating Cycle



S.No.	Questions	Choice 1	Choice 2	Choice 3	Choice 4	Correct Choice
37	_____ Working Capital means ideal funds which earn no profits for the business	Net	Gross	Redundant	Seasonal	Redundant
38	The term _____ refers to the stocks of the product of a firm is offering for sale and the components that make up the product Inventory is stores of goods and stocks.	Capital	Cost	Finance	Inventory	Inventory
39	_____ is the technique for inventory control	NPV	EOQ	WC	CS	EOQ
40	_____ is the ideal order quantity a company should purchase to minimize inventory costs such as holding costs, shortage costs, and order costs.	Maximum Order quantity	Minimum Order quantity	Economic Order quantity	Medium Order quantity	Economic Order quantity

S.No.	Questions	Choice 1	Choice 2	Choice 3	Choice 4	Correct Choice
41	The term _____ refers to the stocks of the product of a firm is offering for sale and the components that make up the product Inventory is stores of goods and stocks	Maximum Level	Minimum Level	Danger Level	Reorder Level	Danger Level
42	Calculate the weighted operating cycle with the given data. Wrm:0.5 Wwp:0.78 Wfg:1.17 Wds:1 & Drm:32 Dwp:22 Dwg:14 Dds:33	71.96 days	64.83 days	82.54 days	92.76 days	82.54 days
43	The Annual requirement of uniform material is 2400 units. The ordering and holding cost of the uniform is Rs.10 per order and Rs.0.30 per unit respectively. Determine the EOQ	600 units	400 units	350 Units	150 Units	400 units
44	_____ is a method of material control according to value.	ABC analysis	Investment analysis	Inventory analysis	Cost analysis	ABC analysis

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45	The basic principle of ABC analysis is	Low value items are closely controlled.	Medium value items are more closely controlled.	Low value items are more closely controlled than the high value items.	high value items are more closely controlled than the low value items	high value items are more closely controlled than the low value items
46	_____ calculate the costs of various goods	Cost accounting	Financial accounting	Working Capital	Capital Budgeting	Cost accounting
47	_____ is the source of all other functions of cost accounting	Cost control	Cost reduction	Cost computation	Cost analysis	Cost computation
48	The elements that constitute the cost of _____ are known as the elements of cost.	Supply	Manufacture	Sales	Inventory	Manufacture
49	_____ refers to material out of which a product is to be produced or manufactured.	Direct material	Indirect material	Direct expense	Indirect expense	Direct material
50	Direct expenses are _____ -	Direct Material cost	Indirect Material cost	Indirect Labour cost	Administrative cost	Direct Material cost

