

TAMILNADU PUBLIC SERVICE COMMISSION
HALF YEARLY EXAMINATIONS AND LANGUAGE TESTS –
APRIL - 2024

FINANCIAL MANAGEMENT
(FOR ASSISTANT / DEPUTY COLLECTORS)
(WITHOUT BOOKS)

Time : 1½ Hours

Maximum Marks : 50

Answer ALL questions.

Each question carries one mark.

(50 × 1 = 50)

1. Which of the following is a function of the Finance Manager?
(A) Mobilizing Funds (B) Risk return trade off
(C) Deployment funds (D) All the above
2. Basic objective of Financial Management is
(A) Profit Maximization
(B) Cash Maximization
(C) Maximization of shareholders wealth
(D) Maximization of return
3. Long term Finance is required for
(A) Current Assets (B) Fixed Assets
(C) Intangible Assets (D) Inventories
4. The asset generally not suitable for securitization is
(A) Receivables from government department
(B) Trade receivable
(C) Hire purchase finance receivables
(D) Mortgage loans

[Turn over

5. The job of a Finance Manager is confined only to
- (A) Management of Cash (B) Paying dividends
(C) Return on Investment (D) Utilization of Funds
6. Trade credit is a source of
- (A) Long-term Finance (B) Medium-term Finance
(C) Short-term Finance (D) Spontaneous
7. Stock-invest facility is not available to
- (A) Mutual fund (B) Limited Company
(C) Individual Investor (D) Foreign Investors
8. Trading on equity refers to
- (A) Selling of equity shares
(B) Selling of debentures
(C) Using debt capital along with own capital
(D) Smaller borrowing and larger profits
9. Which is not the technique of capital structure analysis?
- (A) Trading on Equity (B) Capital Gearing
(C) Cost of Capital (D) Capital Budgeting
10. Source of temporary working capital is
- (A) Share (B) Debenture
(C) Public deposits (D) Commercial banks
11. Discounted cash flow technique involves
- (A) Payback method (B) Accounting Rate of Return
(C) Net present value (D) IRR method

12. The distribution of capital in favor of more acceptable proposal is known as
(A) Capital Budgeting (B) Capital Rationing
(C) Capital Raising (D) Capitalization
13. The budget which is prepared first of all is
(A) Cash Budget (B) Master Budget
(C) Flexible Budget (D) Budget for key factor
14. The analysis based on the concept of selective inventory management is known as
(A) EOQ Analysis (B) VED Analysis
(C) B.E.P Analysis (D) ABC Analysis
15. Debt-Equity ratio refers to
(A) Liquidity ratio (B) Solvency ratio
(C) Profitability ratio (D) Activity ratio
16. State which of the following is non-current liability?
(A) Capital reserve (B) Bank overdraft
(C) Outstanding wages (D) Sundry creditors
17. Inventory Turnover Ratio is a ratio between cost of material consumed and
(A) Average stock (B) Bare stock
(C) Opening stock (D) Closing stock
18. Which of the following variance is always adverse?
(A) Sales margin mix variance
(B) Purchase margin mix variance
(C) Idle time variance
(D) Fixed overhead capacity variance

19. Horizontal Analysis is known as
- (A) Dynamic analysis (B) Structural analysis
(C) Static analysis (D) Both (A) and (B)
20. Purchase of goodwill by issue of debenture refers to
- (A) Uses of funds (B) No flow of fund
(C) Sources of fund (D) Funds from operation
21. The cost of capital comprises of
- (A) Return at zero risk level
(B) Premium for operating risk
(C) Premium for financial risk
(D) All the above
22. Which among these is not a specific cost?
- (A) Cost of debt (B) Cost of Equity
(C) Cost of Assets (D) Cost of Preference share
23. The explicit cost of capital is associated with
- (A) Raising of funds (B) Internal financing
(C) Opportunity cost (D) Utilization of funds
24. Financial leverage is related to
- (A) Fixed financial charges
(B) Financing activities of the firm
(C) Operating expenses
(D) Fixed expenses
25. Security of assets is determining factor for using
- (A) Debt Capital (B) Equity Capital
(C) Preference Capital (D) Cost of Capital

26. If a company does not have liquid resources it is better to declare
(A) Cash dividend (B) Stock dividend
(C) Interim dividend (D) Final dividend
27. MM approach is similar to
(A) Traditional approach (B) NOI approach
(C) NI approach (D) Income approach
28. The structure which includes both long-term and short-term source of funds
(A) Capital structure (B) Optimum capital structure
(C) Financial structure (D) Both (A) and (B)
29. Bonus shares are given to
(A) Equity shareholders (B) Future shareholders
(C) Existing shareholders (D) Past shareholders
30. The return from holding a stock consists of
(A) Capital appreciation and dividend
(B) Capital gains
(C) Market price
(D) Dividend at the beginning
31. Net Income (NI) Approach is suggested by
(A) Modigliani and miller (B) Walter
(C) Solomon (D) Durand
32. When a concern has high investment in current assets, this policy is known as
(A) Restrictive policy (B) Conservative policy
(C) Hedging policy (D) Aggressive policy

33. Which of the factor does not influence the level of working capital?
- (A) Operating capital (B) Nature of business
(C) Size of the business (D) Sales
34. The term current assets not includes
- (A) Inventory (B) Machinery
(C) Cash (D) Marketable securities
35. Which of the following is not normally paid from the working capital?
- (A) Payment of wages (B) Payment to creditors
(C) Redemption of debentures (D) Payment of salary
36. Stock at the beginning result in
- (A) Application of fund (B) Source of fund
(C) No flow of fund (D) Funds from operation
37. Raising cash by issue of new shares
- (A) Working capital cycle
(B) No change in working capital
(C) Increase in working capital
(D) Decrease in working capital
38. The main function of cost control is
- (A) To provide the right quantity
(B) To supply the material at right time
(C) To supply the material at right price
(D) Both (A) and (B)

39. Continuous stock-taking is a part of
- (A) Annual stock-taking
 - (B) Perpetual inventory system
 - (C) Financial audit
 - (D) Stock audit
40. The storekeeper should initiate a purchase requisition when stock reaches
- (A) Minimum Level
 - (B) Maximum Level
 - (C) Re-order Level
 - (D) Average Level
41. The component of the capital market is
- (A) Treasury bill market
 - (B) Government securities market
 - (C) Commercial bill market
 - (D) Both (A) and (B)
42. Which one of the following is a financial asset?
- (A) Gold
 - (B) Silver
 - (C) Share
 - (D) Land
43. IDBI was established in
- (A) 1965
 - (B) 1964
 - (C) 1966
 - (D) 1973
44. Government bond is a
- (A) Short-term security
 - (B) Long-term security
 - (C) Medium-term security
 - (D) Either short-term or long-term security

45. The market which helps commercial banks to maintain their SLR requirements is
- (A) Call loan market (B) Discount market
(C) Acceptance market (D) Commercial bill market
46. Mutual funds are very popular in
- (A) USA (B) UK
(C) Japan (D) India
47. The major player in the Indian money market is
- (A) Co-operative banks (B) Indigenous banks
(C) Commercial banks (D) Reserve Bank of India
48. The market for short-term loan is known as
- (A) Call money market (B) Treasury bill market
(C) Money market (D) Acceptance market
49. Unit trust of India was established by
- (A) IDBI (B) SBI
(C) PNB (D) RBI
50. In India, the company which actually deals with the corpus of the mutual fund is called
- (A) Sponsor company
(B) Trustee company
(C) Asset management company
(D) Mutual fund company
-