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1. Which of the following is the credit rating agency in Pakistan?

Options:

A) Moody's

B) All of the given options

C) PACRA

D) Standard and Poor's

Correct option: C) PACRA

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2. A project has an initial investment of Rs. 600,000. What would be the NPV for the project if it has a profitability index of 1.12?

Options:

A) Rs. 65,000

B) Rs. 72,000

C) Rs. 55,000

D) Rs. 40,000

Correct option: B) Rs. 72,000

3. The projected cash flows from a project are:

Year 1: Rs. 100

Year 2: Rs. 300

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Year 3: Rs. 400

Year 4: Rs. 800

The project cost is Rs. 800. What would be the payback period for the project?

Options:

A) 3.67 Years

B) 3.00 Years

C) 2.00 Years

D) 2.67 Years

Correct option: D) 2.67 Years

4. Which of the following entity manages the sinking fund?

Options:

A) Bond trustee

B) Chief Executive Officer

C) Board of Governors

D) Board of Directors

Correct option: A) Bond trustee

5. ABC Corporation has two shareholders; Mr. Aamir with 50 shares and Mr. Imran with 70 shares. Both want to be elected as one of the four directors, but Mr. Imran doesn't want Mr. Aamir to be a director. How many votes would Mr. Aamir be able to cast as per cumulative voting procedure?

Options:

A) 120

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B) 280

C) 70

D) 200

Correct option: A) 120

6. Which one of the following formulas can be used to calculate Operating Cash Flow (OCF) under the tax shield approach?

Options:

A) OCF = (sales – cost) x (1 – tax rate) + (depreciation x tax rate)

B) OCF = (sales – cost) x (1 + tax rate) + (depreciation x tax rate)

C) OCF = (sales – cost) x (1 – tax rate) – (depreciation x tax rate)

D) OCF = (sales + cost) x (1 – tax rate) + (depreciation x tax rate)

Correct option: A) OCF = (sales – cost) x (1 – tax rate) + (depreciation x tax rate)

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7. ABC Company has the following information regarding its proposed investment:

Initial Investment: Rs. 250,000

Net Present Value: Rs. 40,000

Cost of Capital: 12%

What will be the Profitability Index (PI) of the proposed investment?

Options:

A) 4%

B) 1.16 times

C) 0.16 times

D) None of the given options

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Correct option: C) 0.16 times

8. In which type of market, previously issued securities are traded among investors?

Options:

A) Primary Market

B) Tertiary Market

C) Secondary Market

D) None of the given options

Correct option: C) Secondary Market

9. Which of the following statements is TRUE regarding Average Accounting Return (AAR)?

Options:

A) None of the given options

B) AAR is a rate that makes the NPV equal to zero

C) An investment is acceptable if its AAR is less than a benchmark AAR

D) An investment is acceptable if its AAR is greater than a benchmark AAR

Correct option: D) An investment is acceptable if its AAR is greater than a benchmark AAR

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