

Long term borrowings should not be excluded in the composition of capital

[BFN732] Firms desired to achieve an optimal capital structure must ;
Minimise the cost of capital and maximise the value of the firm

[BFN732] All of these are considered as discounted cash flow techniques except;
Accounting Rate of Return

[BFN732] NOUN Ltd is undertaking a project at a cost of N40m which is expected to generate future cashflows with a present value of N55m, what is the Profitability Index?
1.375

[BFN732] In general, current asset and current liabilities share a relationship of which; --
----- for the firm to be said to have an ideal current ratio
Current asset equals current liabilities

[BFN732] Most firms embark on capital rationing because;
Firms do not have unlimited fund available to embark on all the projects

[BFN732] A firm is considering a project with an initial cost of N43,500 and its expected cash flows are N10,500 per annum for 6 years. If the cost of capital is 10%, what is the Accounting Rate of Return of the project?
0.195

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[BFN732] All except one of the following factors will cause the optimal capital structure of one firm to differ from that of another firm.
The level of development of the market for long term capital funds

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