

MBF839

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1. Sinking fund is a fund, which is created out of fixed _____ each period to accumulate to a future sum after a specified period

interest

rate

--->> payment

none of the above

2. Investment decision rules may be referred to as _____

earning

--->> capital budgeting

profitability

appraisal

3. Bond is a long term debt instrument or _____

--->> security

dividend

interest

liquidity

4. Only a _____ can have a positive dual price and the calculated price assumes that there is only a marginal increase or decrease in the availability of the scarce resource and that all other factors are held constraint.

Shadow prices

--->> Scarce resource

Constraint A

Constraint B

5. The contribution lines are sometimes termed _____ lines

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Point X

Feasible region

Optimum solution

6. An annuity yields #100 per annum for 7years. How much does it cost if the current market rate of interest is 6%

--->> 0.3349

0.4539

1.2317

6.0033

7. Assuming that the company will follow a constant policy of retaining 40 percent earning (ie payout of 60 percent) at 20 percent rate of return then its earning and dividend will grow perpetually at 8 percent ($g = r_b = 0.2 \times 0.4$). what would be the price of the

--->> N200.00

N750.00

N2000.00

N684.50

8. The _____ of a binding provides valuation guidance because it indicates to management the extra contribution they would gain from increasing one unit the amount of the scarce resources

--->> Shadow prices

Dual prices

Dual formulation

Constraint binding

9. _____ do not carry an explicit rate of interest

Bond with maternity

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Perpetual Bonds

Valuation of preference shares

10. The main features of a bond or debenture are _____

face value

interest rate

multiple

---> all of the above

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