

BCOM - SEMESTER VI
CM06BAA03 - ACCOUNTING FOR MANAGERIAL
DECISIONS
MULTIPLE CHOICE QUESTIONS

- 1) Horizontal Analysis shows the comparison of data for several years against a chosen -----
year.
a) Base year C. Financial year
b) Previous year D. Calender year
- 2) Vertical analysis is made to review and analyse the financial statements of -----accounting
period.
a) One B. Two C. Three D. Four
- 3) Comparison of financial variables of a firm over a period of time is known as-----
a) Comparative
b) Common-size
c) Trend analysis
d) None of the above
- 4) Interpretation requires analysis and -----
a) Comaprison
b) Determination
c) Decision Making
d) Conclusion
- 5) The process of deriving conclusions from the analysis is commonly termed as -----
a) Analysis
b) Conclusion
c) Comparison
d) Interpretation
- 6) Common size Income Statement present the various items as a percentage of -----
a) Sales
b) Credit sales
c) Cash sales
d) None of the above
- 7) External analysis is based on ----- financial statements
a) Annual
b) Published
c) Prepared
d) Previous
- 8) Financial Statements provide a summary of -----
a) Accounts
b) Assets
c) Liabilities
d) Expenses
- 9) When financial statements for a number of years are reviewed and analysed, the analysis is known
as -----
a) Vertical nalysis
b) Internal analysis

- c) Horizontal analysis
 - d) External analysis
- 10) When ratios are calculated from the financial statements of one year, it is known as -----
- a) Horizontal analysis
 - b) Vertical analysis
 - c) Internal Analysis
 - d) External analysis
- 11) Horizontal analysis is also known as -----
- a) Static analysis
 - b) Structural analysis
 - c) Dynamic analysis
 - d) None of these
- 12) Trend analysis is significant for
- a) Forecasting and budgeting
 - b) Profit planning
 - c) Capital rationing
 - d) None of the above
- 13) In trend percentage the base year is -----
- a) The first year
 - b) Last year
 - c) Any year
 - d) Second year
- 14) Comparative statements are a form of -----
- a) Horizontal analysis
 - b) Vertical analysis
 - c) Parallel analysis
 - d) None of the above
- 15) The term financial analysis include both ----- and interpretation
- a) Comparison
 - b) Analysis
 - c) Conclusion
 - d) Constructions
- 16) Vertical analysis is also known as -----
- a) Dynamic analysis
 - b) Static analysis
 - c) External analysis
 - d) Internal analysis
- 17) The statement prepared to disclose accounting information are known as-----
- a) Comparative statements
 - b) Common size statements
 - c) Financial statements
 - d) None of the above
- 18) ----- gives a diagnosis of the profitability and financial position
- a) Analysis of financial statements
 - b) Preparation of financial statements
 - c) Construction of statements
 - d) None of the above
- 19) ----- helps in drawing inferences of conclusions

- a) Analysis
 - b) Interpretation
 - c) Comparison
 - d) None of the above
- 20) ----- establishes the relationship of different individual items which same common items
- a) Common size statements
 - b) Comparative statements
 - c) Trend analysis
 - d) Comparative Income Statement
- 21) Under ----- each item of expenses taken as a percentage on net sales
- a) Comparative income statement
 - b) Comparative balance sheet
 - c) Common size Balance sheet
 - d) Common size Income Statement
- 22) ----- helps to disclose financial position
- a) Trial Balance
 - b) Profit and Loss Account
 - c) Balance sheet
 - d) Income Statement
- 23) Disclose accounting information
- a) Balance sheet
 - b) Trading account
 - c) Profit and Loss Account
 - d) Financial statements
- 24) Afford full diagnosis of the profitability and financial position
- a) Preparation of Profit and Loss Account
 - b) Balance Sheet
 - c) Final Accounts
 - d) Analysis of financial statements
- 25) Study of the trend of the same items of two or more balance sheets
- a) Common size Profit and Loss A/C
 - b) Common size balance sheet
 - c) Comparative Income statement
 - d) Comparative Balance Sheet
- 26) Expressed as a percentage of each asset to total
- a) Common size P/L A/C
 - b) Common size Balance Sheet
 - c) Comparative Income Statement
 - d) Trend analysis
- 27) Ratios of different items for various periods are calculated and compared
- a) Common size
 - b) Comparative
 - c) Trend analysis
 - d) Ratio analysis
- 28) Yard stick which measures relationship between two variables
- a) Financial statements
 - b) Ratio
 - c) Fund Flow analysis

- d) Cash flow analysis
- 29) The ratio which depicts the relationship between two items, one of which is drawn from the Balance Sheet and the other from the revenue account
 - a) Current ratio
 - b) Equity Ratio
 - c) Net Profit ratio
 - d) Debtors Turn over Ratio
- 30) The ratio of liquid asset to current liabilities
 - a) Quick ratio
 - b) Current ratio
 - c) Absolute liquid ratio
 - d) Combined ratio
- 31) Equity includes -----
 - a) Equity share capital
 - b) Equity share capital+Preference share capital+-fictitious asset
 - c) Equity capital+Preference share capital+reserves and surplus-fictitious asset
 - d) Equity capital+Preference share capital
- 32) The ratio which shows the relationship b/w share holder's fund and total assets
 - a) Debit equity ratio
 - b) Proprietary ratio
 - c) Solvency ratio
 - d) Fixed asset
- 33) Long term solvency of a firm can be measured by
 - a) Current ratio
 - b) Net profit ratio
 - c) Gross profit ratio
 - d) Debt equity ratio
- 34) The ratio that shows the relationship between fixed asset to share holders fund
 - a) Fixed asset to net worth
 - b) Fixed asset ratio
 - c) Fixed assets turn over ratio
 - d) Net worth ratio
- 35) The index of efficiency and profitability of the business
 - a) Operating ratio
 - b) Operating profit ratio
 - c) Expense ratio
 - d) Net profit ratio
- 36) The ratio that includes whether investment in inventory is efficiently used or not
 - a) Inventory turnover ratio
 - b) Working capital turn over ratio
 - c) Fixed asset turn over ratio
 - d) Activity ratio
- 37) Comparison and interpretation of ratio is known as -----
 - a) Fund flow analysis
 - b) Cash flow analysis
 - c) Ratio analysis
 - d) Trend analysis
- 38) Powerful tool for analyzing financial statement is -----

- a) Trend analysis
 - b) Ratio analysis
 - c) Analysis
 - d) Interpretation
- 39) The relationship between two amount or variables is measured with the help of -----
- a) Ratio
 - b) Trend
 - c) Comparative
 - d) Common size
- 40) The main aim of the ratio analysis is to help the -----of the firm
- a) Owners
 - b) Officials
 - c) Departments
 - d) Management
- 41) Ratios indicate trends in important items and this helps in -----
- a) Forecasting
 - b) Reporting
 - c) Analyzing
 - d) Interpreting
- 42) Ratios help the management in evolving market strategies through -----
- a) Inter firm comparison
 - b) Intra firm comparison
 - c) Ratios
 - d) None of the above
- 43) Ratios may be used as a measure of -----
- a) Efficiency
 - b) Solvency
 - c) Profitability
 - d) None of the above
- 44) An example of Balance Sheet ratio is -----
- a) Net profit ratio
 - b) Inventory turn over ratio
 - c) Current ratio
 - d) Fixed asset turn over ratio
- 45) Income statement ratios are also called -----
- a) Operating ratio
 - b) Liquidity ratio
 - c) Activity ratio
 - d) Trend ratio
- 46) Leverage ratios are also known as ----- ratios
- a) Short term solvency ratios
 - b) Long term solvency ratios
 - c) Solvency ratio
 - d) Liquidity ratio
- 47) The ratios that shows the capacity of the business unit to meet its short term obligation out of its short term resources is known as -----
- a) Solvency ratio
 - b) Leverage ratio

- c) Liquidity ratio
 - d) Trend Ratio
- 48) The ratio that highlight the end result of business activities are known as ----- ratios
- a) Liquidity
 - b) Leverage
 - c) Activity
 - d) Profitability
- 49) The efficiency of the management can be measured with the help of -----
- a) Activity ratio
 - b) Leverage ratio
 - c) Liquidity ratio
 - d) Profitability ratio
- 50) The ratio of current asset to currnt liability is known as -----
- a) Liquid ratio
 - b) Current ratio
 - c) Absolute liquid ratio
 - d) Turn over ratio
- 51) The asset, the amount of which can be realized within a period of one year are known as -----
- a) Current liability
 - b) Current asset
 - c) Liquid liability
 - d) Fixed asset
- 52) The ideal current ratio is -----
- a) 2:1
 - b) 1:1
 - c) 1:2
 - d) 1:3
- 53) The ratio which shows the relationship between borrowed funds and owners capital is -----
- a) Proprietary ratio
 - b) Debt equity ratio
 - c) Capital gearing ratio
 - d) Fixed asset ratio
- 54) Proprietary ratio measures the relationship between share holder fund and -----
- a) Total asset
 - b) Fixed asset
 - c) Current asset
 - d) Fictious asset
- 55) The relationship between total outside liabilities and total assets can be indicated through -----
- a) Fixed asset ratio
 - b) Solvency ratio
 - c) Fixed asset turn over ratio
 - d) Proprietary ratio
- 56) Debt service ratio is also known as -----
- a) Interest coverage ratio
 - b) Dividend payout ratio
 - c) Solvency ratio
 - d) Debtors turn over ratio

- 57) Debt equity ratio is an example of ----- ratios
- a) Balance sheet ratio
 - b) Profit & loss account ratio
 - c) Mixed ratio
 - d) Liquidity ratio
- 58) Income tax payable come under -----
- a) Long term liability
 - b) Long term fund
 - c) Current liability
 - d) Other liabilities
- 59) Stock and prepaid expenses are not included in -----
- a) Current asset
 - b) Fixed asset
 - c) Current liability
 - d) Quick asset
- 60) In a sound business, acid test ratio ----- is considered satisfactory
- a) 1:2
 - b) 2:1
 - c) 1:1
 - d) 0.5:1
- 61) Cost of good sold+operating expanses=-----
- a) Total cost
 - b) Cost of product
 - c) Cost of sales
 - d) Operating cost
- 62) Example of activity ratios -----
- a) Gross profit ratio
 - b) Net profit ratio
 - c) Operating ratio
 - d) Stock turn over ratio
- 63) Example of leverage ratio
- a) Debtors velocity
 - b) Stock turnover ratio
 - c) Current ratio
 - d) Solvency ratio
- 64) Current ratio is an example of -----
- a) Leverage ratio
 - b) Liquidity ratio
 - c) Activity ratio
 - d) Turnover ratio
- 65) Stock turn over ratio is an example of -----
- a) Liquidity ratio
 - b) Leverage ratio
 - c) Profitability ratios
 - d) Activity ratios
- 66) Ratio analysis is a study of relationship among various ----- factors in a business
- a) Operational
 - b) Official

- c) Financial
 - d) Others
- 67) Liquidity ratios measure the ----- solvency of a firm
- a) Long term
 - b) Short term
 - c) Average
 - d) Others
- 68) By computing current ratio ----- solvency of a concern is assessed
- a) Short term
 - b) Long term
 - c) Liquidity
 - d) Profitability
- 69) ----- ratio studies the firm's ability to meet its long term financial position
- a) Liquidity ratio
 - b) Profitability
 - c) Activity
 - d) Leverage
- 70) Satisfactory level of debt equity ratio is -----
- a) 1:1
 - b) 3:1
 - c) 2:1
 - d) 1:2
- 71) Operating ratio establishes the relationship between ----- and net sales
- a) Cost of goods sold
 - b) Cost of sales
 - c) Cost of production
 - d) Operating cost
- 72) For dividend yield ratio ----- price of the equity shares is taken into consideration
- a) Market
 - b) Cash
 - c) Cost
 - d) None of the above
- 73) Coverage of fixed assets by shareholder's equity is a good tests of-----
- a) solvency
 - b) liquidity
 - c) Activity
 - d) profitability
- 74) Net worth refers to owner's-----
- a) Equity
 - b) Solvency
 - c) Liability
 - d) None of these
- 75) Ratio to assess the short term debt paying capacity of a firm is-----
- a) Debt equity ratio
 - b) Propriety ratio
 - c) Liquid ratio
 - d) Solvency ratios
- 76) The ratio which is used to ascertain the soundness of the long term financial position is-----

- a) Debt equity ratio
 - b) Liquidity ratio
 - c) Activity ratio
 - d) Gross profit ratio
- 77) If the current assets and working capital of a company are rs.80,000 and rs.50000 then current liability will be-----
- a) Rs.1,00,000
 - b) Rs.1,30,000
 - c) Rs.70000
 - d) Rs.30000
- 78) The ratio which is a good indicator to maintain the correct selling price and efficiency of trading activity is-----
- a) Net profit ratio
 - b) Gross profit ratio
 - c) Current ratio
 - d) Liquid ratios
- 79) Return on investment is a-----
- a) Profit and loss account ratio
 - b) Balance sheet ratio
 - c) Combined ratio
 - d) Position statement ratio
- 80) Debtors turnover ratio also known as-----
- a) Payable turnover
 - b) Receivable turnover ratio
 - c) Creators turnover ratio
 - d) Debtors velocity
- 81) The operating profit and net sale of a firm are rs.2,00,000 and rs.10,00,000 respectively then operating ratio will be
- a) 20%
 - b) 5%
 - c) 50%
 - d) 20%
- 82) The ratio which indicates how quickly debtors are converted into cash is-----
- a) Receivable turnover ratio
 - b) Inventory turnover ratio
 - c) Working capital turnover ratio
 - d) Creditors turnover ratio
- 83) Net capital employed is equal to -----
- a) Total assets minus liabilities
 - b) Fixed asset plus net working capital
 - c) Total asset minus long-term liabilities
 - d) Total assets
- 84) Ratio of net profit before interest and tax to sales is-----
- a) Solvency ratio
 - b) Capital gearing
 - c) Operating profit ratio
 - d) None of these
- 85) Lower stock turnover ratio indicates-----

- a) Solvency position
 - b) Monopoly situation
 - c) Over investment in inventory
 - d) None of these
- 86) Collection of book debts-----
- a) Has no effect on current ratio
 - b) Has decreased in current ratio
 - c) Has increased in current ratio
 - d) None of these
- 87) Debt equity ratio is a-----
- a) Profitability ratio
 - b) Turnover ratio
 - c) Short term solvency ratio
 - d) Long term solvency ratio
- 88) Market price per share divided by earnings per share is-----
- a) Price earning ratio
 - b) Return on equity
 - c) Market test ratio
 - d) Book value per share
- 89) Solvency ratio indicates-----
- a) Credit worthiness
 - b) Activity
 - c) Profitability
 - d) None of these
- 90) Current ratio shows-----
- a) The change in gross profit
 - b) The working capital position
 - c) The liquidity of assets
 - d) The change in net profit
- 91) Current ratio is 4:1, the amount of current liabilities is Rs.12000 the amount of working capital is-----
- a) Rs.48,000
 - b) Rs.36000
 - c) Rs.30000
 - d) Rs.60000
- 92) Stock turnover ratio is used to determine -----of an enterprise
- a) Profitability
 - b) Liquidity& solvency
 - c) Efficiency
 - d) Growth
- 93) Working capital is expressed as-----
- a) Current asset-fixed asset
 - b) Fixed assets-current liabilities
 - c) Current assets-current liabilities
 - d) None of these
- 94) Dividend yield is an example for-----ratio
- a) Solvency
 - b) Liquidity
 - c) Market strength

- d) Net worth
- 95) Debtors turnover ratio is used to calculate-----
 - a) efficiency
 - b) solvency
 - c) liquidity
 - d) profitability
- 96) RoI measures-----
 - a) Profitability in relation to investment
 - b) Profitability in relation to sales
 - c) Operating efficiency
 - d) Long term solvency
- 97) Debtors turnover ratio measures-----
 - a) Short term solvency
 - b) Operating efficiency
 - c) Long term solvency
 - d) Credit policy
- 98) Fund flow refers to change in-----
 - a) Working capital
 - b) Fixed capital
 - c) Current capital
 - d) Increase in working capital
- 99) Depreciation is sometimes treated as -----of funds
 - a) Outflow
 - b) Use
 - c) Source
 - d) No change
- 100) Salary outstanding is----- of funds
 - a) Source
 - b) Inflow
 - c) Application
 - d) No change
- 101) Any gain on sale of non-current asset should be ----- from the net profit for determining funds from operation
 - a) Deducted
 - b) Added
 - c) Increased
 - d) None of these
- 102) Asset sold on credit is---- of funds
 - a) Application
 - b) Uses
 - c) Source
 - d) Decrease
- 103) Furniture sold for cash -----funds flow
 - a) Increases
 - b) Decreases
 - c) Deducted
 - d) None of these
- 104) Goodwill is a -----transaction

- a) Current
 - b) Noncurrent
 - c) Fixed
 - d) None of these
- 105) When one account is current and another a non-current It results in-----
- a) Flow of fund
 - b) Increase of fund
 - c) Decrease of fund
 - d) None of these
- 106) To arrive at funds from operation ,non-cash expenses must be added to-----
- a) Net profit
 - b) Gross profit
 - c) Operating profit
 - d) None of these
- 107) Fund flow statement is accompanied by a schedule of-----
- a) Changes in working capital
 - b) Flow of funds
 - c) Increase in fund
 - d) Decrease in fund
- 108) Goods purchased on credit-----inflow of funds
- a) Does not result
 - b) Does result
 - c) Change
 - d) None of these
- 109) -----account is prepared to know funds from operation
- a) Profit & Loss appropriation account
 - b) Profit and loss account
 - c) Trading account
 - d) Profit & Loss adjustment account
- 110) Increases in current liabilities -----working capital
- a) Increase
 - b) Decreases
 - c) Added
 - d) None of these
- 111) Increase in current assets-----working capital
- a) Increases
 - b) Decreases
 - c) Deducts
 - d) Reduces
- 112) Decrease in current liabilities -----working capital
- a) Increases
 - b) Decrease
 - c) Deducts
 - d) Reduces
- 113) Net increase in working capital results in-----of funds
- a) sources
 - b) inflow
 - c) no change

- d) application
- 114) Net decrease in working capital results in -----of funds
 - a) Source
 - b) Application
 - c) No change
 - d) None of these
- 115) -----means transfer of economic value of firm from one asset or equity to another.
 - a) Flow of funds
 - b) Uses of fund
 - c) Inflow of funds
 - d) Application of funds
- 116) Funds from operations are -----of funds
 - a) Application
 - b) Uses
 - c) Sources
 - d) No change
- 117) In the fund flow statement, depreciation is-----
 - a) Deducted from net profit
 - b) Added to net profit
 - c) Sources of working capital
 - d) Ignored
- 118) Which of the following is non-current asset
 - a) Goodwill
 - b) Debtors
 - c) Stock
 - d) Prepaid rent
- 119) Which of the following will affect the flow of fund
 - a) a transaction affecting current and non-current accounts
 - b) a transaction affecting both non-current accounts
 - c) a transaction affecting both current accounts
 - d) both a) and b)
- 120) Which of the following is an application of fund
 - a) Sale of plant
 - b) Issue of shares
 - c) Purchase of funds
 - d) Payment of creditors
- 121) Current assets are Rs.6,00,000 current liabilities are Rs.3,00,000 the debtors realized Rs.40,000, the impact on net working capital would be-----
 - a) No change in working capital
 - b) Decrease of working capital by Rs.80,000
 - c) Increase of working capital by Rs.40,000
 - d) None of these
- 122) Gross profit are Rs.50,000 and expenses not result in the application of funds are Rs.10000 funds from operation will be
 - a) Rs.60000
 - b) Rs.50000
 - c) Rs. 40000
 - d) Rs. 30000

- 123) Which of the following is a non-current liability
- Mortgage loan
 - Bank balance
 - Outstanding salary
 - None of these
- 124) Current liabilities are equals to-----
- Working capital +current assets
 - Working capital-current assets
 - Current assets-working capital
 - Current asset + working capital
- 125) Inflow of fund does not take place due to-----
- Funds from operation
 - Increase in capital
 - Increase in working capital
 - Sale of fixed asset
- 126) Increase in working capital is-----
- Source of fund
 - Application of fund
 - Funds from operation
 - Loss from operation
- 127) Salaries Rs.20000,depreciation for the period is Rs.30000 other operating expenses are Rs.9000, net loss for the period is Rs.5000 fund generated from operation is-----
- Rs.25000
 - Rs.15000
 - Rs.35000
 - Rs.14000
- 128) Stock at the end results in-----
- Application of fund
 - Source of fund
 - Inflow of fund
 - None of these
- 129) Depreciation is a source of fund-----
- Yes
 - No
 - Both yes or no
 - None of these
- 130) Stock in the beginning results in-----
- Application of funds
 - Source of fund
 - Inflow of fund
 - None of these
- 131) Which of the following does not affect the fund flow statement
- Issue of shares
 - Borrowing
 - Repayment of loan
 - Payment to creditors
- 132) Which of the following does not affect working capital-----
- Bank overdraft

- b) Debenture
 - c) Cash
 - d) Bank
- 133) Proposed dividend is a-----
- a) Current liability
 - b) Current asset
 - c) Noncurrent liability
 - d) Expense
- 134) Cash flow statement is prepared by taking the ----- balance of cash
- a) Opening balance
 - b) Closing balance
 - c) Monthly balance
 - d) Others
- 135) Decrease in a creditor is a----- of cash
- a) Inflow
 - b) No flow of cash
 - c) Outflow
 - d) None of these
- 136) Goodwill written off is-----to the net profit made during the year for calculating the cash from operation
- a) Added back
 - b) Deducted
 - c) Decreased
 - d) None of these
- 137) Provision for tax is shown as a part of-----activity
- a) financing
 - b) investing
 - c) operating
 - d) others
- 138) Purchase of fixed asset is classified as-----activity
- a) financing
 - b) investing
 - c) operating
 - d) others
- 139) Purchase of building by issue of debenture is a-----item and it is ignored in cash flow statement
- a) cash
 - b) non-cash
 - c) non-operating
 - d) current
- 140) Cash flow statement is based on past records, so it is-----in nature
- a) historical
 - b) future item
 - c) past
 - d) none of these
- 141) Cash equivalent are usually of short term but highly -----investments
- a) liquid
 - b) Fixed

- c) Changed
 - d) None of these
- 142) Cash flow statements (based on AS-3) should be prepared and presented under----- method.
- a) Direct
 - b) Indirect
 - c) Permanence
 - d) None of these
- 143) Income tax paid should be shown separately as the cash flows from----- activities.
- a) Financing
 - b) Investing
 - c) Operating
 - d) Others
- 144) Buy back of shares is shown under-----
- a) operating activities
 - b) investing activities
 - c) financing activities
 - d) none of these
- 145) Increase in prepaid expenses-----cash
- a) Increases
 - b) Added
 - c) Decreases
 - d) None of these
- 146) Dividend paid are classified under-----activities
- a) Financing
 - b) Investing
 - c) Operating
 - d) Others
- 147) Cash payment suppliers of goods and services are shown under-----.
- a) Operating
 - b) Financing
 - c) Investing
 - d) None of the above
- 148) 20,000 equity shares of Rs.10 each issued at 10% premium , cash is Rs-----
- a) Rs.2,00,000
 - b) Rs.2,10,000
 - c) Rs.2,15,000
 - d) Rs.2,20,000
- 149) Preliminary expenses written off is-----
- a) Cash transaction
 - b) Non-cash transaction
 - c) Credit transaction
 - d) None of the above
- 150) Investment costing Rs.50,000 at the loss of Rs.3,000 cash outflow in investing activity is -----
- a) Rs.53,000
 - b) Rs.50,000
 - c) Rs.47,000
 - d) Rs.48,000

- 151) Cash from operations is equal to-----
- a) net profit after tax
 - b) net profit plus increase in current asset
 - c) net profit plus decrease in current liabilities
 - d) net profit plus non-cash expenses plus decrease in current assets.
- 152) Increase in the amount of bills receivable results in-----
- a) decrease in cash
 - b) increase in cash
 - c) no change in cash
 - d) none of these
- 153) Increase in the amount of bills payable results in-----
- a) Decrease in cash
 - b) Increase in cash
 - c) No change in cash
 - d) None of these
- 154) Which of the following is not an inflow of cash
- a) Sale of fixed asset
 - b) Issue of debentures for cash
 - c) Funds from operation
 - d) Acquisition of assets
- 155) Dividend paid under AS- 3 is-----
- a) Cash flow from financing activity
 - b) Cash flow from operating activity
 - c) Cash flow from investing activity
 - d) None of these
- 156) Cash flows include
- a) Cash payments only
 - b) Cash receipts only
 - c) Cash receipts and payments
 - d) Cash and noncash incomes and expenses.
- 157) Cash flow statement is based on-----
- a) Cash basis of accounting
 - b) Accounting equation
 - c) Accrual basis of accounting
 - d) None of these
- 158) Proposed dividend is classified as-----
- a) Investing activity
 - b) Financing activity
 - c) Operating activity
 - d) Cash equivalent
- 159) Profit on sale of machinery comes under-----
- a) Investing activity
 - b) Financing activity
 - c) Operating activity
 - d) None of these
- 160) Sale of patent is classified under-----
- a) Investing activity
 - b) Financing activity

- c) Operating activity
 - d) None of these
- 161) Rent received by a company (whose main business is real estate) is classified as
- a) Investing activity
 - b) Financing activity
 - c) Operating activity
 - d) Cash equivalent
- 162) AS-3 is related to
- a) Cash flow statement
 - b) Funds flow statement
 - c) Balance sheet
 - d) Income statements
- 163) A system of control where persons are made responsible for control of cost
- a) Cost control
 - b) Production control
 - c) Responsibility accounting
 - d) Budgeting
- 164) A system where accounting is established with responsibility
- a) Responsibility accounting
 - b) Financial accounting
 - c) Cost accounting
 - d) Budgeting
- 165) A segment of activity for which cost is accumulated
- a) Service centre
 - b) Cost centre
 - c) Profit centre
 - d) Investment centre
- 166) A segment of activity for which both revenue and cost are accumulated
- a) Investment centre
 - b) Project centre
 - c) Cost centre
 - d) Responsibility centre
- 167) A centre at which proper utilization of asset used in the centre
- a) Investment centre
 - b) Profit centre
 - c) Cost centre
 - d) Responsibility centre
- 168) A segment of activity for which revenues are accumulated
- a) investment centre
 - b) profit centre
 - c) revenue centre
 - d) Responsibility
- 169) A segment of activity or area of operation for which cost is collected is known as -----
- a) Cost centre
 - b) Profit centre
 - c) Investment centre
 - d) Responsibility centre
- 170) A segment of activity or area of operation for which revenues are accumulated is known as -----

- a) Cost centre
 - b) Profit centre
 - c) Revenue centre
 - d) Investment centre
- 171) A control system where accountability is established with responsibility is known as -----
- a) Cost accounting
 - b) Responsibility accounting
 - c) Financial accounting
 - d) None of the above
- 172) ----- is a system where persons are made responsible for control of cost
- a) Cost accounting
 - b) Financial accounting
 - c) Responsibility accounting
 - d) None of these
- 173) ----- centre is one for which both revenue and cost are accumulated
- a) Cost centre
 - b) Revenue centre
 - c) Service centre
 - d) Profit centre
- 174) A firm's investment in current asset is known as -----
- a) Net working capital
 - b) Gross working capital
 - c) Average working capital
 - d) None of these
- 175) A transaction that doesn't make any change in working capital position is -----
- a) Inflow of fund
 - b) Out flow of fund
 - c) Non fund transaction
 - d) Fund transaction
- 176) The mirror which reflects the true financial position of the business as on a particular date
- a) Fund flow statement
 - b) Cash flow statement
 - c) Balance sheet
 - d) Income statement
- 177) An appropriation of profit is -----
- a) Current asset
 - b) Non current asset
 - c) Provision for taxation
 - d) Non current liability
- 178) Fund flow statement are very useful in planning intermediate and ----- financing.
- a) Short term
 - b) Long term
 - c) Medium term
 - d) None of these
- 179) The two concept of working capital are gross working capital and -----
- a) Net working capital
 - b) Average working capital
 - c) Opening working capital

- d) Closing working capital
- 180) Excess of current asset over current liability is known as -----
 - a) Gross working capital
 - b) Net working capital
 - c) Average working capital
 - d) None of these
- 181) Flow of fund means change in -----
 - a) Working capital
 - b) Gross capital
 - c) Net capital
 - d) Average capital
- 182) An essential tool of short term financial analysis
 - a) Fund flow statement
 - b) Statement of uses and application of funds
 - c) Cash flow statement
 - d) Ratio analysis
- 183) A statement depicting the reasons for the change in cash position from one period to another
 - a) Fund flow statement
 - b) Statement of uses and application of funds
 - c) Cash flow statement
 - d) Ratio analysis
- 184) Cash flow statement shows the causes for changes in _____
 - a) Cash balance
 - b) Fund
 - c) Working capital
 - d) None of these
- 185) A statement prepared in the form of report
 - a) Fund flow
 - b) Cash flow
 - c) Ratio
 - d) Balance sheet
- 186) Cash flow is a part of
 - a) Fund flow
 - b) Balance sheet
 - c) Income statement
 - d) Comparative statement
- 187) Cash receipts from royalties is an example of cash flow from _____
 - a) Investing activities
 - b) Financing activities
 - c) Operating activities
 - d) None of these
- 188) Cash flow from financing activities include payment of interest on borrowing and ____ to share holders
 - a) Dividend
 - b) Interest
 - c) Bonus
 - d) Bonus shares

- 189) When the opening balance of cash and cash equivalent is added to the net increase , the total will be the_____
- Closing balance of cash
 - Closing balance of bank
 - Opening balance of bank
 - Closing balance of cash and cash equivalent
- 190) Cash payment on redemption of debenture is an example of cash flow from _____ activities
- Operating
 - Investing
 - Financing
 - Others

Answer key

1.A	2.A	3.C	4.A	5.D
6.A	7.B	8.A	9.C	10.B
11.C	12.A	13.A	14.A	15.B
16.B	17.C	18.A	19.B	20.A
21.D	22.C	23.D	24.D	25.D
26.B	27.D	28.B	29.D	30.A
31.C	32.B	33.D	34.A	35.D
36.A	37.C	38.B	39.A	40.D
41 .A	42.A	43.A	44.C	45.A
46.B	47.C	48.D	49.A	50.B
51.B	52.A	53.B	54.A	55.B
56. A	57.A	58.C	59.D	60.C
61.D	62.D	63.D	64.B	65.D
66.C	67.B	68.A	69.D	70.C
71.D	72.A	73.A	74.A	75.C
76.A	77.D	78.B	79.C	80.B
81.A	82.A	83.B	84.C	85.C
86. A	87.D	88.A	89.A	90.B

91. A	92.C	93.C	94.C	95.A
96.A	97.D	98.A	99.C	100.C
101. A	102.C	103.A	104.B	105.A
106.A	107.A	108.A	109.D	110.B
111. A	112.A	113.D	114.B	115.A
116.C	117.B	118.A	119.A	120.C
121.A	122.A	123.A	124.C	125.B
126.B	127.A	128.B	129.A	130.A
131. D	132.B	133.A	134.A	135.C
136. A	137.C	138.B	139.B	140.A
141. A	142.B	143.C	144.C	145.C
146.A	147.A	148.D	149.B	150.C
151. D	152.A	153.B	154.D	155.C
156. C	157.A	158.C	159.C	160.A
161.C	162.A	163.C	164.A	165.B
166.B	167.A	168.C	169.A	170.C
171. B	172.C	173.D	174.B	175.C
176.C	177.C	178.B	179.A	180.B
181.A	182.C	183.C	184.A	185.B
186.A	187.C	188.A	189.B	190.C