

Questions	A	B	C	D	Answer
Finance is required on _____ basis.	Different	Separate	Continuous	Random	c
Financial management is management of _____.	Finance	Investment	Dividend	Interest	a
The objective of financial management is _____ maximisation.	Profit	Inverse	Direct	Charity	a
Finance is the _____ of an organisation.	Investment	Life blood	Competing	Interest	b
Financial management is concerned with	maximisation of production.	maximisation of wealth.	maximisation of welfare.	acquisition of market.	b
Finance deals with	acquisition of funds.	acquisition of manpower.	acquisition of market.	acquisition of Raw material.	a
Objective of financial management is	to maximise profits.	to maximise sales.	to maximise production.	to maximize Power	a
Financial objective of a firm is	to increase return on investment.	to increase efficiency of organisation.	to increase loyalty of the employees.	to maximize Power	a
One of the following is not a function of finance	Investment	Dividend	Financing	Production	d
EPS stands for	Expenses per share	Earning per share	Earning per stock	Earning per saving	b
Operational information is obtained from _____ sources.	External	a & b	Internal	None of the above	c
Strategic information is required by _____ managers.	Bottom	Middle	Top	External	c
Tactical information is required by _____ managers.	Top	Middle	Bottom	External	b
Operational information is required by _____ managers.	Middle	Top	All	Line	d
_____ are users of management accounting information.	Creditors	Managers	Shareholders	Governments	b
Focus of management accounting is on _____.	Tax planning	Internal Reporting	External Reporting	Market Research	b
Strategic information is used by _____ managers.	Middle	Senior	Lower	Creditors	b

Strategic information is required for _____ planning.	Day to Day operations	Meeting Government Requierements	Long Range Planning	General planning	c
Financial Accounting deals with	Determination of cost	Determination of profit	Determination of prices	None of the above	b
Inter firm and inter period comparisions are made with the help of	Comparative st	Common size statement	Trend analysis	Cash flow statement	a
The term financial statement refers to	only income st	only balance sheet	only Cash flow statement	All of the above	d
Owner's funds are equal to _____	Capital + Reserves & surplus	Fixed Assets	Capital + Reserves & surplus + Loan fund	Total Liabilities	a
Following is not quick assets	Stock	Bills receivable	Cash	Bank	a
In _____ year 1 is taken as the base year & figures of all the years compared to base year	Comparative st	Common size statement	Trend analysis	Cash flow statement	c
Internal analysis of financial statements is	Potential inves	Owners or managers	creditors or lender	governme nt	b
The shareholders fund consists of	only preference	only equity	only reserves & surplus	preference & equity & reserves	d
of a company's financial condition and performance across time?	Horizontal ana	Vertical analysi	upword analy	Downword	a
Profit on sale of furniture is a _____ income.	Operating Income	Non-operating Income	Operating Expenses	Operating Loss	b
Working capital is excess of Current Assets over _____.	Current Assets	Current Liabilities	Fictitious asset	Quick Liabilities	a
Current liabilities = _____ – Current Assets	Current Liabilities	Working Capital	tangible assets	Intangible assets	a
Operating profit = Gross profit – _____.	Operating Income	Non-operating Income	Operating Expenses	Operating Loss	c
Capital work in progress is _____ asset.	Fixed	Intangible	Quick	Tangible	a
Income statement is a	Statement of working results	Statement of Sources of Funds	Statement of Cash Flow	Fund from operation	a

Face Value of a share is	Issue price of a share	Book value of a share	Market value of a share	Fixed denomination of a share mentioned in the M/A	d
Authorised Capital is	Minimum capital the company can raise	Maximum capital that can be raised as per the M/A	Optimum capital that can be raised	Needed capital	b
General reserve is created out of	Profit	Income	Expenditure	Dividend received	a
Point out from the following which is not a secured loan	Public Deposits	Mortgage loan	Bank Overdraft on hypothecation of stock	Debentures issue on floating charge	a
Fixed assets should be disclosed in Balance sheet as	Cost	Market Value	Cost or market value whichever is more	Cost or market value whichever is less	a
Live Stock is a	Current asset	Fictitious asset	Fixed assets	none of the above	c
Patents and copyrights is an	Intangible Asset	Movable Asset	Intangible fixed asset	Fictitious Assets	c
Goodwill is an	Intangible Asset	Fixed Asset	Intangible fixed asset having realizable value	Fictitious asset	c
Land and Building is a	Fixed tangible movable asset	Fixed intangible movable assets	Intangible asset	Fixed tangible Immovable asset	d
Capital Work in progress is disclosed under	Fixed asset	Current assets	Capita	Intangible assets	a
Underwriting commission is a	Tangible asset	Intangible asse	Fixed asset	Fictitious asset	d
Stock is a	Current asset	quick asset	fixed asset	fictitious asset	a
Bank Overdraft is not a	Quick Liability	Current Liability	Urgent Liability	Liability	a

Gross Profit is	Excess of sales over total cost	Excess of sales over cost of goods sold	Excess of sales over purchase	Excess of sales over cost of Materials	b
Staff salary is an	Operating Expenditure	Operating Income	Non operating Expenditure	Capital Expenditure	a
_____ is a proportion between two figures.	Long term	Ratio	Turn Over	Liquidity	b
One figure is divided by another figure to get _____ ratio.	Balance Sheet	Pure	Current Assets	Opening stock	b
Current Ratio = _____ / Current Liabilities.	Long term	Proprietors Fund	Current Assets	Liabilities	c
Working capital is an excess of current assets over current _____.	Liabilities	Operating Ratio	No of times	Fixed Assets	a
_____ shows the period for which amount of sales remains invested in debtors.	Liquid Assets	Collection Period	Long term	Fixed Assets	b
Net profit ratio is an indicator of _____.	Turn Over	Liquidity	Profitability	Long term solvency	c
Current Ratio indicates _____.	Short term solvency	Long term solvency	Net operating profit and capital employed	Turn Over	a
Stock working capital ratio indicates relationship between stock and _____ capital.	Liquidity	Working	Financial Stability	Turn Over	b
Average stock = Opening Stock + _____ / 2.	Working	Opening stock	closing stock	Fixed Assets	c
A very high current ratio will	Increase profitability	Decrease profitability	Not affect profitability	Same Profitability	b
Comparative statement is a part of _____ analysis.	Vertical	Horizontal	Technical	Fundamental	b
Common size statement is a _____ analysis.	Horizontal	Fundamental	Vertical	Technical	c
_____ analysis show trend in performance.	Vertical	Trend	Horizontal	Structural	b
Common size statement is also called as _____ % statement.	Percentage Statement	most common statement	100	Small sized	c
In _____ in came statement sales is considered equal to 100.	Common Size	Comparative income statement	Balance Sheet	Income statement	a

In common size _____ capital employed is considered equal to 100.	Balance Sheet	Common size Statement	Income statement	Comparative income statement	a
In Trend Analysis earliest year is considered as _____ year.	Base	Current	Last	None of the above	a
Analysis is a must for _____.	Interpretation	Evaluation	Determination	None of the above	a
Common size statement is a tool of	Vertical analysis	Horizontal analysis	Technical analysis	Fundamental analysis	a
Common size statement is also known as	percentage statement	100% statement	most common statement	small sized statement.	b
In common size income statement the basis is	Total cost	N.P	G.P	Sales	d
In common size vertical Balance sheet the basis is	Capital employed	Total assets	Total liabilities	Proprietor's fund	a
Comparative statement is a tool of	Vertical analysis	Horizontal analysis	Structural analysis	Technical analysis	b
Comparative statement shows	One year's performance	Comparative performance	Financial performance	Profitability performance	b
Increase/Decrease is a method of preparation of	common size statement	comparative statement	Income statement	Balance sheet	b
_____ is a proportion between two figures.	Ratio	Percentage	Percentile	Sales	a
One figure is divided by another figure to get _____ ratio.	Pure	Current	Liquidity	Sales	a
Turn over ratios are expressed in _____.	Ratio	No of times	Percentage	assets	v
Balance sheet ratio is a ratio between two figures from _____.	P & L A/c	Balance Sheet	Trading A/c	Cash flow statement	b
Proprietary Ratio = _____ / Total Assets	Equity Capital	Proprietors Fund	Debt and equity	Total assets	b
Cost of goods sold is divided by average stock to get _____.	Stock Turn Over	Debt-Equity	Proprietary	Total assets	a
_____ shows trading efficiency.	E.P.S	G. P.	P/E Ratio	Proprietor's Fund	b
_____ shows operating efficiency	Current Ratio	Operating Ratio	Quick Ratio	Liquid Ratio	b

Dividend payout is calculated by dividing dividend per share by ____.	Equity Capital	E.P.S	Equity dividend	Capital employed	b
Standard Liquid Ratio is ____.	3:01	2:01	1:01	5:01	c
Capital Gearing Ratio is also called as ____.	Leverage Ratio	Financial Leverage Ratio	Capital structure Ratio	All of the above	c
Operating cost = ____.	Cost of goods sold + Nonoperating expenses	Cost of goods sold + operating expenses	cost of goods sold only	Operating Expenses only	b
Operating ratio is a relationship between operating profit and ____.	Sales	Capital Employed	Net Profit	Operating Cost	a
Gross working capital = Total ____ Assets	Current Assets	Fixed Assets	Tangible asset	Intangible asset	a
Working capital required to meet seasonal requirements is ____.	Minimum Working Capital	Seasonal Working Capital	Moderate Working Capital	Normal Working Capital	b
____ is excess of current Liabilities over current assets.	Moderate Working Capital	Larger Working Capital	Negative Working Capital	Minimum Working Capital	c
____ operating cycle requires more working capital.	Smaller	Minimum	Longer	ignored	c
Stock of finished goods is valued at ____.	Finished Goods	Cost of Material	Cost of Goods	Cost of Production	b
Working capital is also called as ____ capital.	More	Moderate	Circulating	Larger	c
Gross working capital is firm's investment in ____ assets	Current Assets	Current Liabilities	Liquid Assets	Fixed Assets	a
Net working capital = C.A – ____.	Fixed assets	Tangible assets	Current Liabilities	Intangible asset	c
Net current Assets = CA – ____.	Fixed assets	Current Liabilities	current assets	Quick assets	b
Cash working capital is equal to	cash & balance	cash & bank balance plus stock	liquid assets	cash cost of working capital	d
Longer the process period	lesser will be the working capital	larger will be the working capital	minimum will be the working capital	moderate will be the working capital	b
The organisation which allows longer period of credit to debtors requires	more working capital	lesser working capital	no working capital	moderate working capital	a

The following is not a current liability	Creditors	Bank loan	Unclaimed dividend	Outstanding wages	b
Capital budgeting involves _____ term investment.	Long	Short	Mid	General	a
Capital budgeting decision are _____.	Costly	Risky	Cheap	random	b
Reversal of Capital budgeting decisions is _____.	Cheap	Costly	Risky	random	b
Payback period which is _____ indicates profitability.	Shorter	Higher	Equal	Risky	a
Depreciation = Cost – Scrap Value / _____.	Life	Time	Money	Risky	a
Depreciation is _____ to NPAT to get Cash inflow.	Added	Divided	Reduced	ignored	a
_____ ARR indicates higher profitability	Lower	Higher	Equal	random	b
NPV methods considers _____ of money.	Time value	No time value	Both(a) & (b)	random	a
NPV is excess of PV of Cash inflow over PV of _____.	Cash inflow	Cash outflow	Both(a) & (b)	random	b
Profitability index is a proportion between PV of Cash inflow and _____.	PV of cash inflow	PV of cash outflow	Both(a) & (b)	Bank loan	b
Capital budgeting decisions involve huge amount of risk due to	time factor	money factor	human factor	Bank loan	a
Payback period is	the time required to recover the original investment	the time required to depreciate asset	the time required to pay to creditor	random	a
For capital budgeting decisions	depreciation is to be considered	depreciation is to be ignored	depreciation is to be calculated at 20 %	Bank loan	a
ARR method	takes into account time value of money	does not take into account time value of money	most modern of capital of expenditure decisions	random	b
N.P.V. method is	most traditional	most modern	most complicated	Bank loan	b
P.I. is the proportion between	PV of cash inflow and PV of cash outflow	PV of cash inflow and total cash inflow	cash inflow and total cash outflow	a) & (b)	a
The method which uses accrual accounting	payback	ARR	NPV	IRR	b

The method which does not consider investments profitability is	payback	ARR	NPV	IRR	a
The most reliable method for financing capital budget decisions	NPV	ARR	payback	post audit method	a
Starting of insurance business by L & T is a	Mutually exclusive decision	Diversification decision	Expansion decision	Modernisation decision	b