

- Q)Which of the following is an example of non profit organization--> **YMCA**
- Q)A \_\_\_\_\_ provides for the greatest degree of continuity--> **Corporation**
- Q)The most effective form of business organization for raising capital is the--> **Corporation**
- Q)Statistics show that most new businesses fail with in--> **5 years**
- Q)Which of the following is an example of public corporation--> **Imperial oil**
- Q)Which of the following is probably the most important reason for incorporating--> **Limited liability of share holders**
- Q)All those to whom business owes money are--> **Creditors**
- Q)A \_\_\_\_\_ is a business with two or more owners--> **Partnership**
- Q)When aggregate economic activity is declining the economy is said to be in--> **Contraction**
- Q)Peaks & Troughs of business cycle known collectively as--> **Turning points**
- Q)The long boom occurred in--> **1980s and 1990s**
- Q)The largest economic expansion in United states occurred during--> **1990s**
- Q)Phase of a business cycle that occurs after a trough & before a peak--> **Expansion**
- Q)Which of the following marks the beginning of a contraction in business cycle--> **Peak**
- Q)Which of the following is not a common reason for small business failure--> **Lack of interest**
- Q)A small business would have annual sales under--> **5,00,000**
- Q)The standard and poors 500 index is an example of--> **Leading indicators**
- Q)Which is a component of GDP--> **Government spending**
- Q)A period of expansion and contraction of aggregate economic activity measured by real GDP is called as--> **Business cycle**
- Q)The average weekly hours worked in manufacturing is a--> **Leading indicator**
- Q)The phase in which economic recovery begins to resume is known as--> **Recovery phase**
- Q)During boom phase the increase in demand gains momentum for which reason--> **Multiple effect**
- Q)Industries that are extremely sensitive to business cycle are--> **Capital goods & Durable goods**
- Q)During contraction phase of business cycle there will be--> **Unemployment fall**
- Q)When deflation occurs \_\_\_\_\_ --> **Average price level declines**
- Q)Inflation imposes the greatest burdens on--> **Lender when it is unanticipated**
- Q)Which of the following is not a factor affecting the choice of a business organization--> **Agreement**
- Q)Organization, management and control are closely held by--> **Sole trader**
- Q)All of the following are indicators of recession except--> **Tax cuts**
- Q)Which of the following is most sensitive to business cycle--> **Durable goods**
- Q)Business cycles are measured from--> **Peak to peak**
- Q)Four phases of business cycle are--> **Peak, recession, through, recover**
- Q)Which of the following is not a feature of partnership--> **No partner can act for other partners**
- Q)The closure of partnership is called \_\_\_\_\_ --> **Dissolution**
- Q)The written agreement among partners is--> **Partnership deed**
- Q)The kinds of partners include all of the following except--> **Normal partner**
- Q)The disadvantage of sole trader form of business organization is--> **Low bargaining power**
- Q)The sole trader form of business organization is not suitable when--> **Risk is high**
- Q)Decision making is faster in--> **Sole trader**
- Q)The advantage of sole trader form of business organization is--> **Low rate of taxation**
- Q)Which of the following is not a public enterprise--> **Public limited company**
- Q)The main advantage with a public corporation is--> **Competitive prices**
- Q)The main disadvantage with a public corporation is--> **Continued political interference**
- Q)The disadvantage in a government company is--> **Flexibility only on paper**
- Q)In a partnership firm the partners liability is--> **Unlimited**
- Q)Responsibility to pay to outsider as and when an amount is due is called as--> **Liability**
- Q)Working partner is also called--> **Active partner**
- Q)Who among the following is not eligible to become a partner in a firm--> **Minor**
- Q)Which is an example of personal account--> **Creditors**
- Q)Payment received from debtor--> **No change in Total Assets**
- Q)Cash purchases--> **No change in Total Assets**
- Q)Journal is a book of--> **Orginal entry**
- Q)As per double entry cocern--> **Capital = Assets - Liabilities**
- Q)The Accounting mesurement that is not consistent with the going concern concept is--> **Liquidation value**
- Q)Indian Companies Act was enacted in--> **1956**

- Q)Which of the following is not a feature of the company--> **Unlimited liability**
- Q)P&L A/C is prepared for a period of one year by following--> **Time period concept**
- Q)If a company has contingent liabilities they appear in--> **Chirmans report**
- Q)Outstanding salaries is shown as--> **Liability**
- Q)Insurance prepaid is shown as--> **Current asset**
- Q)Only the significant events which affet the business must recorded as per principle of--> **Meteriality**
- Q)Payment of salary is recorded by--> **Debit salary A/c**
- Q)Total Assets of firm were 50,000. Outside Liabilities were 30,000. Capital contributed by Owner is?--> **20,000**
- Q)Which of the following is not fixed Asset--> **Bank balance**
- Q)Gross profit is equal to--> **Sales - cost of sales**
- Q)Bad debts recovered A/C will be transfered to--> **P&L A/C**
- Q)To examine the efficiancy of a firm which ratios will be helpful--> **Stock turnover**
- Q)Proportion of sales that is A/C for total cost can be ascertained by which ratio--> **Net profit %**
- Q)Bank OD is shown as--> **Current liability**
- Q)Depreciation is calculated on--> **Cost of asset + transport + installation**
- Q)Depreciation appearing in trail balance should be--> **Debit to P&L A/C**
- Q)Building A/C is debited with an amount towards repaires this is an example of--> **Error of principle**
- Q)Which item would not be included in the calculation of the price / earnings ratio--> **Total dividends distributed**
- Q)Which of the following is not a category of ratios--> **Management**
- Q)How can super market generate high profit levels with low profit margins --> **High stock turnover**
- Q)Which of the following is not an efficiency ratio--> **Intrest coverage**
- Q)Creditors wouldnot be intrested in which group of ratio--> **Share holders**
- Q)When analyzing the liquidity ratio which factors would not be taken into account--> **Profits earned by firm in last period**
- Q)FRS 14 Defines which ratio--> **Earnings p/s**
- Q)If a firm repays loans with cash then what will be the effect on--> **Acid test ratio decreases**
- Q)In funds flow statement, purchase of fixed assets is--> **Sources of funds**
- Q)In funds flow statement, redemption of preference capital is--> **Application of cash**
- Q)In funds flow statement, repayment of long term loans is--> **Application of funds**
- Q)In funds flow statement, issue of shares is--> **Sources of funds**
- Q)In funds flow statement, sale of fixed assets is--> **Sources of funds**
- Q)In funds flow statement, increase in working capital is--> **Application of funds**
- Q)In funds flow statement, decrease in working capital is--> **Sources of funds**
- Q)Cash flow analysis is based on--> **Cash concept of funds**
- Q)In cash flow statement issue of shares is--> **Cash from financing activities**
- Q)The term cash in cash flow statement includes cash balance and \_\_\_\_\_ --> **Bank balance**
- Q)An examination of the sources and uses of the funds is part of--> **Fundsflow analysis**
- Q)The term fund in Funds flow analysis means--> **Excess of current assets over current liabilities**
- Q)Increase in Fixed assets due to cash purchases is--> **Application of funds**
- Q)A Cash flow statement portrays changes in cash position between--> **Two accounting periods**
- Q)Which event will increase the cash balance of a business--> **Debtors paying amounts owed**
- Q)Which of the following is created over a period of time through abstinence to spend--> **Wealth**
- Q)Which involves a movement of cash--> **A rights issue**
- Q)In cash flow statement sale of fixed assets is--> **Cash from investment activities**
- Q)Which of the following is not a cash outflow for the firm--> **Depreciation**
- Q)Which is considered as cash flow item from an investing activity--> **Cash out flow to purchase bonds**
- Q)Which is considered as cash flow item from an operating activity--> **Cash out flow to government**
- Q)That portion of capital which is invested in acquiring long term assets is called--> **Fixed capital**
- Q)These are the features of fixed assets except profit generation--> **Permanent in nature**
- Q)Capital can be used for all the following purposes except--> **To value the assets**
- Q)The aggregate of funds used in the short run and long run is called--> **Capital**
- Q)Capital is the value of total assets available with business, according to the view expressed by--> **Economist**
- Q)Which of the following sees the capital as the difference between the assets and liabilities--> **Accountant**
- Q)Capital creates and enhances the level of \_\_\_\_\_ --> **Employment opportunities**
- Q)Which of the following is not a feature of working capital--> **Long life span**
- Q)Which of the following is not a current asset--> **Creditors**

- Q)The capital used to meet regular or recurring needs of the business is called--> **Working capital**
- Q)Which of the following provides the basic assets as per the business needs--> **Fixed capital**
- Q)Which of the following is not a type of fixed asset--> **Operational fixed assets**
- Q)The circulating capital is also called as--> **Working capital**
- Q)The money needed to cover the cost of operating the business are called--> **Working capital**
- Q)Which of the following is true in case of fixed capital--> **Low liquidity**
- Q)Which is used to meet the recurring needs of the business--> **Working capital**
- Q)Thos who wish to promote a new firm are called--> **Entrepreneurs**
- Q)Which of the following is a current liability--> **Bills receivable**
- Q)The flow of money in the business is called--> **Working capital cycle**
- Q)Which one of the following is not a form of long term finance--> **Hand loans**
- Q)Which of the following frees money due to the business for growth and expansion--> **Factoring**
- Q)The budget which usually takes the form of budgeted profit and loss account and balance sheet is--> **Master budget**
- Q)The fixed and variable cost classification has a special significance in the preparation of \_\_\_\_\_--> **Flexible budget**
- Q)Sales budget is a--> **Functional budget**
- Q)Current assets include all of these except--> **Work progress**
- Q)Current liabilities include all of these except--> **Prepaid expenses**
- Q)The medium term finance does not include--> **Commercial paper**
- Q)The budget is a \_\_\_\_\_--> **An aid to management**
- Q)Budget which shows quantity of finished products to be sold and price at which they are to be sold is \_\_\_\_\_--> **Sales budget**
- Q)The budget which shows the budgeted quantity of output to be produced during a specific period is \_\_\_\_\_--> **Production budget**
- Q)Budget designed to remain constant irrespective of the level of activity attained is called \_\_\_\_\_--> **Fixed budget**
- Q)Preparing budget figures for different levels of activity within a range under flexible budgeting is \_\_\_\_\_--> **Multi-activity method**
- Q)Operation budgets normally cover a period of \_\_\_\_\_--> **One year or less**
- Q)The entire process of preparing the budgets is known as \_\_\_\_\_--> **Budgeting**
- Q)Budgetary control ends with \_\_\_\_\_--> **Control**
- Q)Cash inflows refer to--> **Cash receipts**
- Q)Which of the following is determined on an after tax basis--> **Cash inflows**
- Q)If the rate of return is more than the cost of capital, then the project is--> **Accepted**
- Q)Material consumption budget is prepared on the basis of \_\_\_\_\_--> **Production budget**
- Q)Which of the following show the firms planned operations or resource allocation for a given period in future--> **Capital budgeting**
- Q)Which of the following indicates the true nature of capital budgeting decisions--> **Irreversible**
- Q)Such projects that cannot be taken up simultaneously with the other are called--> **Mutually exclusive**
- Q)Select always projects with--> **Higher NPV**
- Q)For the profitable projects, the profitability index is--> **Greater than one**
- Q)The \_\_\_\_\_ the IRR, the better is the profitability--> **Higher**
- Q)The diminution or reduction in the value of the asset due to wear and tear is called--> **Depreciation**
- Q)Internal rate of return (IRR) is the rate at which the difference between the present value of cash inflows and the original cost is--> **Equal to zero**
- Q)If the \_\_\_\_\_ is more than the cost of capital, the project is profitable--> **IRR**
- Q)Where there are two projects with different IRRs, the project with \_\_\_\_\_ IRR is selected--> **Higher**