S.Y.B.Com Sem -IIIrd

Management Accounting

Multiple Choice Questions:-

1) Financial accounting deals with
   a) Determination of cost
   b) Determination of profit
   c) Determination of price
   d) None of the above.
2) Financial accounting records only _____
   a) Actual figures
   b) Budgeted figures
   c) Standard figures
   d) All of the above.
3) Management Accounting relates to____
   a) Recording of Accounting data
   b) Recording of costing data
   c) Presentation of accounting data
   d) None of the above.
4) Use of management accounting is ________
   a) Mandatory
   b) Optional
   c) Compulsory
   d) All of the above.
5) Management accounting has to ______
   a) Collect information
   b) Analyse information
   c) Evaluate information
   d) All of the above.
6) Management accountant has to ______
   a) Control performance
   b) Supervise performance
   c) Co-ordinate performance
   d) All of the above.
7) Management accountant as a controlled has to _________
   a) Compile distribution cost
   b) Compile production cost
   c) Costing of inventory
   d) All of the above.
8) Management accounting includes ______
   a) Financial accounting
   b) Cost accounting
   c) Budgetary control
   d) All of the above.
9) Management accounting is _______
   a) Analytical
   b) Future oriented
   c) Dynamic
   d) All of the above.
10) Scope of management accounting involves ______

a) Marginal costing
b) Decision making
c) Budgetary control
d) All of the above.

11) Scope of management accounting involves _______
a) Revaluation accounting
b) Break even analysis
c) Inter firm comparison
d) All of the above.

12) The functions of management accounting include _______
a) Collection of data
b) Analysis of data
c) Presentation of data
d) All of the above.

13) The functions of management accounting includes _______
a) Controlling
b) Reporting
c) Co-ordinating
d) All of the above.

14) The role of management accounting is ________
a) Collection of information
b) Evaluation of information
c) Interpretation of information
d) All of the above.

15) Strategic information is used by _____
a) Senior management
b) Middle management
c) Lower management
d) All of the above.

16) Strategic information is required _______
a) Long range planning
b) Short range planning
c) Day to day planning
d) None of the above.

17) Strategic information is obtained from ______
a) Internal sources
b) External sources
c) Internal and external sources
d) None of the above.

18) Tactical information is used by ___
a) Top management
b) Middle management
c) Lower management
d) All of above.

19) Tactical information is related to ______
a) Productivity
b) Budgetary control
c) Variance analysis
d) All of the above.

20) Tactical information is _________
a) Generated internally

b) Generated externally
c) Generated both internally and externally
d) None of the above.

21) Tactical information is relevant to ____
a) Short term planning
b) Medium term planning
c) Short term and medium term planning
d) Long term planning

22) Tactical information is based on _
a) Quantitative measures
b) Qualitative measures
c) Both quantitative and qualitative
d) None of above.

23) Operational information is used by _____
a) Lower level management
b) Middle level management
c) Top level management
d) None of above.

24) Operational information is obtained from ____
a) Internal sources
b) External sources
c) Both internal and external sources
d) None of the above.

25) Operational information is _____
a) Quantitative
b) Qualitative
c) Both (a) and (b)
d) None of above.

26) Strategic information is needed for _____
a) Long range planning
b) Day to day operations
c) Meeting government requirements
d) None of above.

27) Strategic information is required by ___
a) Middle managers
b) Top managers
c) Line manager
d) All of above.

28) Tactical information is required by _____
a) Middle managers
b) Top managers
c) Line managers
d) All of workers

29) Operational information is required by _
a) Middle managers
b) Top managers
c) All workers
d) Line managers

30) Users of management accounting information are _______
a) Managers
b) Banker
c) Government

d) All of above.

31) Management accounting reports are prepared
a) Quarterly
b) Half yearly
c) Annually
d) As and when required.

32) Focus of management accounting is on _______
a) Internal reporting
b) External reporting
c) Tax planning
d) All of above.

33) Management accounting information is generally prepared for _____
a) Managers
b) Share holders
c) Creditors
d) Government

34) 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

35) Vertical analysis is made to review and analyse the financial statements of------- accounting period.
a) One B. Two C. Three D. Four

36) 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

37) Interpretation requires analysis and ------------------------
a) Comaprison
b) Determination
c) Decision Making
d) Conclusion

38) The process of deriving conclusions from the analysis is commonly termed as --------
a) Analysis
b) Conclusion
c) Comparison
d) Interpretation

39) 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

40) External analysis is based on -------financial statements
a) Annual
b) Published
c) Prepared
d) Previous

41) Financial Statements provide a summary of -------------
a) Accounts
b) Assets
c) Liabilities
d) Expenses

42) When financial statements for a number of years are reviewed and analysed, the analysis is known as ....

a) Vertical analysis
b) Internal analysis
c) Horizontal analysis
d) External analysis

43) When ratios are calculated from the financial statements of one year, it is known as ---------------------

a) Horizontal analysis
b) Vertiacal analysis
c) Internal Analysis
d) External analysis

44) Horizontal analysis is also known as ----------------------

a) Static analysis
b) Structural analysis
c) Dynamic analysis
d) None of these

45) Trend analysis is significant for

a) Forecasting and budgeting
b) Profit planning
c) Capital rationing
d) None of the above

46) In trend percentage the base year is ---------------------------

a) The first year
b) Last year
c) Any year
d) Second year

47) Comparative statements are a form of --------------------------

a) Horizontal analysis
b) Vertical analysis
c) Parellel analysis
d) None of the above

48) The term financial ananlysis include both -----and interpretation

a) Comparison
b) Analysis
c) Conclusion
d) Constructions

49) Vertical analysis is also known as -----------------

a) Dynamic analysis
b) Static analysis
c) External nalysis
d) Internal analysis

50) 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

51) ------------- 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

52) helps in drawing inferences of conclusions

a) Analysis
b) Interpretation
c) Comparison
d) None of the above

53) 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

54) 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

55) helps to disclose financial position

a) Trial Balance
b) Profit and Loss Account
c) Balance sheet
d) Income Statement

56) Disclose accounting information

a) Balance sheet
b) Trading account
c) Profit and Loss Account
d) Financial statements

57) 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

58) 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

59) 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

60) Ratios of different items for various periods are calculated and compared

a) Common size
b) Comparative
c) Trend analysis
d) Ratio analysis

61) Yard stick which measures relationship between two variables

a) Financial statements
b) Ratio
c) Fund Flow analysis
d) Cash flow analysis

62) 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
63) The ratio of liquid asset to current liabilities
   a) Quick ratio
   b) Current ratio
   c) Absolute liquid ratio
   d) Combined ratio
64) Equity includes --------------
   a) Equity share capital
   b) Equity share capital+Preference share capital+-fictitious asset
   c) Equity capital+Prefernce share capital+reserves snd surplus-fictious asset
   d) Equity capital+Preference share capital
65) 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
66) 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
67) 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
68) The index of efficiency and profitability of the business
   a) Operating ratio
   b) Operating profit ratio
   c) Expense ratio
   d) Net profit ratio
69) 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
70) Comparison and interpretation of ratio is known as ---------------------
   a) Fund flow analysis
   b) Cash flow analysis
   c) Ratio analysis
   d) Trend analysis

71) Powerful tool for analyzing financial statement is ----------

a) Trend analysis
b) Ratio analysis
c) Analysis
d) Interpretation

72) The relationship between two amount or variables is measured with the help of ------------

a) Ratio
b) Trend
c) Comparative
d) Common size

73) The main aim of the ratio analysis is to help the ----- of the firm

a) Owners
b) Officials
c) Departments
d) Management

74) Ratios indicate trends in important items and this helps in -----------

a) Forecasting
b) Reporting
c) Analyzing
d) Interpreting

75) Ratios help the management in evolving market strategies through -----------

a) Inter firm comparison
b) Intra firm comparison
c) Ratios
d) None of the above

76) Ratios may be used as a measure of -------------

a) Effiency
b) Solvency
c) Profitability
d) None of the above

77) 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

78) Income statement ratios are also called -----------

a) Operating ratio
b) Liquidity ratio
c) Activity ratio
d) Trend ratio

79) Leverage ratios are also known as -----------ratios

a) Short term solvency ratios
b) Long term solvency ratios
c) Solvency ratio
d) Liquidity ratio

80) The ratios that shows tha 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

81) The ratio that highlight the end result of business activities are known as ------ ratios
   a) Liquidity
   b) Leverage
   c) Activity
   d) Profitability
82) The efficiency of the management can be measured with the help of ----------------
   a) Activity ratio
   b) Leverage ratio
   c) Liquidity ratio
   d) Profitability ratio
83) The ratio of current asset to currnt liability is known as --------------
   a) Liquid ratio
   b) Current ratio
) Absolute liquid ratio
   d) Turn over ratio
84) 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
85) The ideal current ratio is -------
   a) 2:1
   b) 1:1
   c) 1:2
   d) 1:3
86) 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
87) Proprietary ratio measures the relationship between share holder fund and ----------------
   a) Total asset
   b) Fixed asset
   c) Current asset
   d) Fictious asset
88) 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
89) Debt service ratio is also known as --------------
   a. Interest coverage ratio
   b. Dividend payout ratio
   c. Solvency ratio
   d. Debtors turn over ratio

90) Debt equity ratio is an example of ------------ratios

a. Balance sheet ratio
b. Profit & loss account ratio
c. Mixed ratio
d. Liquidity ratio

91) Income tax payable come under ------------------

a. Long term liability
b. Long term fund
c. Current liability
d. Other liabilities

92) Stock and prepaid expanses are not included in ----------------

a. Current asset
b. Fixed asset
c. Current liability
d. Quick asset

93) In a sound business, acid test ratio -------------- is considered satisfactory

a) 1:2
b) 2:1
c) 1:1
d) 0.5:1

94) Cost of good sold+operating expanses=-------------------------

a. Total cost
b. Cost of product
c. Cost of sales
d. Operating cost

95) Example of activity ratios ------------------------

a) Gross profit ratio
b) Net profit ratio
c) Operating ratio
d) Stock turn over ratio

96) Example of leverage ratio

a. Debtors velocity
b. Stock turnover ratio
c. Current ratio
d. Solvency ratio

97) Current ratio is an example of --------------------

a. Leverage ratio
b. Liquidity ratio
c. Activity ratio
d. Turnover ratio

98) Stock turn over ratio is an example of -------------------

a. Liquidity ratio
b. Leverage ratio
c. Profitability ratios
d. Activity ratios

99) Ratio analysis is a study of relationship among various -------factors in a business

a. Operational
b. Official
c. Financial
d. Others

100) -- Liquidity ratios measure the solvency of a firm

a. Long term
b. Short term
c. Average
d. Others

101) -- By computing current ratio solvency of a concern is assessed

a. Short term
b. Long term
c. Liquidity
d. Profitability

102)--------- ratio studies the firm's ability to meet its long term financial position

a. Liquidity ratio
b. Profitability
c. Activity
d. Leverage

103) Satisfactory level of debt equity ratio is --------------------

a) 1:1
b) 3:1
c) 2:1
d) 1:2

104) -- 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

105) --------------------------------------- For dividend yield ratio price of the equity shares is taken into consideration

a. Market
b. Cash
c. Cost
d. None of the above

106) Coverage of fixed assets by shareholder's equity is a good tests of----------------

a. solvency
b. liquidity
c. Activity
d. profitability

107) Net worth refers to owner's--------------------------

a) Equity
b) Solvency
c) Liability
d) None of these

108) 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

109) 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

110) 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

111) 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

112) Return on investment is a----------------

a. Profit and loss account ratio
b. Balance sheet ratio
c. Combined ratio
d. Position statement ratio

113) Debtors turnover ratio also known as----------

a. Payable turnover
b. Receivable turnover ratio
c. Creators turnover ratio
d. Debtors velocity

114) 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%

115) 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

116) 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

117) 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

118) Lower stock turnover ratio indicates------------------------------

a. Solvency position
b. Monopoly situation
c. Over investment in inventory
d. None of these

119) 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

120) ----------------------- Debt equity ratio is a

a. Profitability ratio
b. Turnover ratio
c. Short term solvency ratio
d. Long term solvency ratio

121) 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

122) Solvency ratio indicates-----------------

a. Credit worthiness
b. Activity
c. Profitability
d. None of these

123) 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

124) 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

125) Stock turnover ratio is used to determine___________ of an enterprise

a. Profitability
b. Liquidity& solvency
c. Efficiency
d. Growth

126) Working capital is expressed as------

a. Current asset-fixed asset
b. Fixed assets-current liabilities
c. Current assets-current liabilities
d. None of these

127) Dividend yield is an example for_____ ratio

a. Solvency
b. Liquidity
c. Market strength

d. Net worth

128) Debtors turnover ratio is used to calculate------

a. efficiency
b. solvency
c. liquidity
d. profitability

129) RoI measures-----

a. Profitability in relation to investment
b. Profitability in relation to sales
c. Operating efficiency
d. Long term solvency

130) Debtors turnover ratio measures----------

a. Short term solvency
b. Operating efficiency
c. Long term solvency
d. Credit policy

131) The span of time within which the investment made for the project will be recovered by the net returns of the project is known as

(A) Period of return
(B) Payback period
(C) Span of return
(D) None of the above

132) Projects with ____ are preferred

(A) Lower payback period
(B) Normal payback period
(C) Higher payback period
(D) Any of the above

133) _____ on capital is called 'Cost of capital'.

(A) Lower expected return
(B) Normally expected return
(C) Higher expected return
(D) None of the above

134) The values of the future net incomes discounted by the cost of capital are called

(A) Average capital cost
(B) Discounted capital cost
(C) Net capital cost
(D) Net present values

135) Under Net present value criterion, a project is approved if

(A) Its net present value is positive
(B) The funds are unlimited
(C) Both (A) and (B)
(D) None of the above

136) The internal Rate of Return (IRR) criterion for project acceptance, under theoretically infinite funds is: accept all projects which have

(A) IRR equal to the cost of capital
(B) IRR greater than the cost of capital
(C) IRR less than the cost of capital
(D) None of the above

137) Which of the following criterion is often preferred

(A) Net present value
(B) Profitability index
(C) Internal Rate of Return
(D) All of the above

138) The project is accepted of

(A) if the profitability index is equal to one
(B) The funds are unlimited
(C) If the profitability index is greater than one
(D) Both (B) and (C)

139) Where capital availability is unlimited and the projects are not mutually exclusive, for the same cost of capital, following criterion is used

(A) Net present value
(B) Internal Rate of Return
(C) Profitability Index
(D) Any of the above

140) A project is accepted when

(A) Net present value is greater than zero
(B) Internal Rate of Return will be greater than cost of capital
(C) Profitability index will be greater than unity
(D) Any of the above

141) With limited finance and a number of project proposals at hand, select that package of projects which has

(A) The maximum net present value
(B) Internal rate of return is greater than cost of capital
(C) Profitability index is greater than unity
(D) Any of the above

142) A project may be regarded as high risk project when

(A) It has smaller variance of outcome but a high initial investment
(B) It has larger variance of outcome and high initial investment
(C) It has smaller variance of outcome and a low initial investment
(D) It has larger variance of outcome and low initial investment

143) Following is (are) the method(s) for adjustment of risks

(A) Risk-adjusted Discounting Rate
(B) Risk Equivalence Coefficient Method
(C) Both (A) and (B)

(D) None of the above

144) Capital Budgeting is a part of:

A. Investment Decision
B. Working Capital Management
C. Marketing Management
D. Capital Structure

145) Capital Budgeting deals with:

A. Long-term Decisions
B. Short-term Decisions
C. Both (a) and (b)
D. Neither (a) nor (b)

146) Which of the following is not used in Capital Budgeting?

A. Time Value of Money
B. Sensitivity Analysis
C. Net Assets Method
D. Cash Flows

147) Capital Budgeting Decisions are:

A. Reversible
B. Irreversible
C. Unimportant
D. All of the above

148) Which of the following is not incorporated in Capital Budgeting?

A. Tax-Effect
B. Time Value of Nloney
C. Required Rate of Return
D. Rate of Cash Discount

149) Which of the following is not a capital budgeting decision?

A. Expansion Programme
B. Merger
C. Rep acement of an Asset
D. Inventory Level

150) A sound Capital Budgeting technique is based on:

A. Cash Flows
B. Accounting Profit
C. Interest Rate on Borrowings
D. Last Dividend Paid

151) Which of the following is not a relevant cost in Capital Budgeting?

A. Sunk Cost
B. Opportunity Cost
C. Allocated Overheads
D. Both (a) and (c) above

152) Capital Budgeting Decisions are based on:

A. Incremental Profit
B. Incremental Cash Flows
C. Incremental Assets
D. Incremental Capital

153) Which of the following does not effect cash flows proposal?

A. Salvage Value
B. Depreciation Amount
C. Tax Rate Change
D. Method of Project Financing

154) Cash Inflows from a project include:
A. Tax Shie d of Depreciation
B. After-tax Operating Profits
C. Raising of Funds
D. Both (a) and (b)

155) Which of the following is not true with reference capital budgeting?
A. Capital budgeting is related to asset replacement decisions
B. Cost of capital is equal to minimum required return
C. Existing investment in a project is not treated as sunk cost
D. Timing of cash flows is relevant.

156) Which of the following is not followed in capital budgeting?
A. Cash flows Principle
B. Interest Exclusion Principle
C. Accrual Principle
D. Post-tax Principle

157) Depreciation is incorporated in cash flows because it:
A. Is unavoidable cost
B. Is a cash flow
C. Reduces Tax liability
D. Involves an outflow

158) Which of the following is not true for capital budgeting?
A. Sunk costs are ignored
B. Opportunity costs are excluded
C. Incremental cash flows are considered
D. Relevant cash flows are considered

159) Which of the following is not applied in capital budgeting?
A. Cash flows be calculated in incremental terms
B. All costs and benefits are measured on cash basis
C. All accrued costs and revenues be incorporated
D. All benefits are measured on after-tax basis.

160) Evaluation of Capital Budgeting Proposals is based on Cash Flows because:
A. Cash Flows are easy to calculate
B. Cash Flows are suggested by SEBI
C. Cash is more important than profit
D. None of the above

161) Which of the following is not included in incremental A flows?
A. Opportunity Costs
B. Sunk Costs
C. Change in Working Capital
D. Inflation effect

162) A proposal is not a Capital Budgeting proposal if it:
A. is related to Fixed Assets
B. brings long-term benefits
C. brings short-term benefits only
D. has very large investment

163) In Capital Budgeting, Sunk cost is excluded because it is:
A. of small amount
B. not incremental
C. not reversible
D. All of the above

164) Savings in respect of a cost is treated in capital budgeting as:

A. An Inflow
B. An Outflow
C. Nil
D. None of the above.

165) Risk in Capital budgeting implies that the decision-maker knows____________of the cash flows.
A. Variability
B. Probability
C. Certainty
D. None of the above

166) In Certainty-equivalent approach, adjusted cash flows are discounted at:
A. Accounting Rate of Return
B. Internal Rate of Return
C. Hurdle Rate
D. Risk-free Rate

167) Risk in Capital budgeting is same as:
A. Uncertainty of Cash flows
B. Probability of Cash flows
C. Certainty of Cash flows
D. Variability of Cash flows

168) Which of the following is a risk factor in capital budgeting?
a. Industry specific risk factors
b. Competition risk factors
c. Project specific risk factors
d. All of the above

169) In Risk-Adjusted Discount Rate method, the normal rate of discount is:
a. Increased
b. Decreased
c. Unchanged
d. None of the above

170) In Risk-Adjusted Discount Rate method, which one is adjusted?
a. Cash flows
b. Life of the proposal
c. Rate of discount
d. Salvage value

171) NPV of a proposal, as calculated by RADR real CE Approach will be:
a. Same
b. Unequal
c. Both (a) and (b)
d. None of (a) and (b)

172) Risk of a Capital budgeting can be incorporated
A. Adjusting the Cash flows
B. Adjusting the Discount Rate
C. Adjusting the life
D. All of the above

173) Which element of the basic NPV equation is adjusted by the RADR?
A. Denominator
B. Numerator
C. Both

D. None

174) In CE Approach, the CE Factors for different years are:
A. Generally increasing
B. Generally decreasing
C. Generally same
D. None of the above

175) Which of the following is correct for RADR?
A. Accept a project if NPV at RADR is negative
B. Accept a project if IRR is more than RADR
C. RADR is overall cost of capital plus risk-premium
D. All of the above

176) In Payback Period approach to risk the target payback period is
A. Not adjusted
B. Adjusted upward
C. Adjusted downward
D. B or C

177) In Sensitivity Analysis, the emphasis is on assessment of sensitivity
A. Net Economic Life
B. Net Present Value
C. Both (a) and (b)
D. None of (a) and (b)

178) Most Sensitive variable as given by the Sensitivity Analysis should be:
A. Ignored
B. Given Least important
C. Given the maximum importance
D. None of the above

179) Expected Value of Cashflow, EVCF, is:
A. Independent Cashflows
B. Uncertain Cashflows
C. Dependent Cashflows
D. Certain Cashflows

180) Decision-tree approach is used in:
A. Proposals with longer life
B. Sequential decisions
C. Independent Cashflows
D. Accept-Reject Proposal

181) The most commonly used tools for financial analysis are :
(A) Comparative Statements
(B) Common Size Statements
(C) Accounting Ratios
(D) All of the above

182) This item is not used as a tool for Analysis of Financial Statements :
(A) Cash Flow Statement
(B) Fund Flow Statement
(C) Ratio Analysis
(D) No. of Employees Statement

183) Which one of the following items is not a tool used for financial analysis?
(A) Comparative Statements
(B) Ratio Analysis

(C) Common Size Statements
(D) Statement of Dividend Distribution

184) Which one of the following items is not a method/tool of analysis of financial statements?
(A) Trend Analysis
(B) Statement of Affairs
(C) Cash Flow Statement
(D) Comparative Statements

185) Which one of the following items is not a method/tool of analysis of financial statements?
(A) Accounting Ratio
(B) Break Even Point
(C) Statement of Receipts and Payments
(D) Fund Flow Statement

186) Which one of the following items is not a method/tool of analysis of financial statements?
(A) Fund Flow Statement
(B) Common Size Statement
(C) Statement of Trade Receivables
(D) Cash Flow Statement

187) Which of the following is the objective of comparative Statements?
(A) To make the data simpler and understandable
(B) To indicate the trend
(C) To help in forecasting
(D) All of the Above

188) Which of the following is device of comparative statements?
(A) Comparison expressed in terms of absolute data
(B) Comparison expressed in terms of percentages
(C) Comparison expressed in terms of ratios
(D) All of the Above

189) Comparative Balance Sheet:
(A) Provides a summarized view of the operations of the firm
(B) Presents the financial position of the firm
(C) Presents the change in various items of balance sheet
(D) None of the above

190) Comparative Statement of Profit & Loss provides information about:
(A) Rate of increase or decrease in revenue from operations
(B) Rate of increase or decrease in cost of revenue from operations
(C) Rate of increase or decrease in net profit
(D) All of the above

191) Which analysis depicts the relationship between two figures :
(A) Ratio Analysis
(B) Trend Analysis
(C) Cumulative figures and averages
(D) Dividend Analysis

192) In which analysis total cost are equal to total revenue from Operations :
(A) Trend Analysis
(B) Ratio Analysis
(C) Break-Even Point Analysis
(D) Fund Flow Statement Analysis

193) Fixed Assets of a company increased from ₹3,00,000 to ₹4,00,000. What the percentage of change?
(A) 25%
(B) 33.3%

(C) 20%
(D) 40%

194) A Company's current liabilities decreased from ₹4,00,000 to ₹3,00,000. What is the percentage of change?
(A) 25%
(B) 33.3%
(C) 20%
(D) 40%

195) A company's working capital is ₹10 lakh (Negative balance) in the year 2018. It became ₹15 lakh (Positive balance) in the year 2019. What is the percentage of change?
(A) 150%
(B) 100%
(C) 250%
(D) 50%

196) A company's Revenue from Operations are ₹20,00,000; Cost of Revenue from Operations is ₹14,00,000 and indirect expenses are ₹2,00,000. What is the amount of Gross Profit?
(A) ₹18,00,000
(B) ₹4,00,000
(C) ₹8,00,000
(D) ₹6,00,000

197) Revenue from Operations ₹4,00,000; Cost of Revenue from Operations 60% of Revenue from Operations; Operating expenses ₹30,000 and rate of income tax is 40%. What will be amount of profit after tax?
(A) ₹64,000
(B) ₹78,000
(C) ₹ 52,000
(D) ₹96,000

198) Revenue from Operations ₹8,00,000; Gross Profit Ratio 32%; Indirect Exp. 10% of Gross Profit and income tax 40%. What will be the amount of profit after tax?
(A) ₹1,38,240
(B) ₹1,02,400
(C) ₹92,160
(D) ₹1,53,600

199) Revenue from Operations ₹4,00,000; Cost of Revenue from Operations 60% of Revenue from Operations, indirect expenses 15% of Gross Profit; Income Tax 40%. Calculate net profit after tax
(A) ₹64,000
(B) ₹54,400
(C) ₹81,600
(D) ₹96,000

200) Payment of Income Tax is considered as
(A) Direct Expenses
(B) Indirect Expenses
(C) Operating Expenses
(D) None of the Above

201) Interest on Loans is
(A) Direct Expenses
(C) Operating Expenses
(B) Indirect Expenses
(D) None of the Above

202) Revenue from Operations less cost of Revenue from Operations is called :
(A) Net Profit

(B) Operating Profit
(C) Gross Profit
(D) Total Profit

203) Which objective is not fulfilled by comparative Statement of Profit & Loss :
(A) To compare the items of Statement of Profit & Loss of two years
(B) To know the absolute changes in items of Statement of Profit & Loss
(C) To show the change in financial position
(D) To know the percentage changes in items of Statement of Profit & Loss

204) In comparative statements change in different items is presented in the form of ………………………
(A) Money Values
(B) Percentages
(C) Both Money Values and Percentages
(D) None of the above

205) Which of the following is not a form of presenting financial analysis :
(A) Absolute figure Comparison
(B) Ratio Method
(C) Cumulative figures and averages
(D) Annual Report

206) Which objective is not fulfilled by comparative financial statement:
(A) Indicate the extent of change in assets and liabi lities
(B) Indicate the extent of change in items of Statement of Pofit & Loss
(C) Show effect of operative activities on assets and liabilities
(D) Show the direction of change in assets and liabilities

207) 'No profit no loss' point is called :
(A) Fund Flow Point
(B) Cash Flow Point
(C) Trend Analysis
(D) Break Even Point

208) Net profit is obtained by deducting from Gross Profit.
(A) Operating Expenses
(B) Non-Operating Exp.
(C) Operating and Non-Operating Exp.
(D) None of the Above

209) Amount left after deducting gross profit from Revenue from Operations is generally ;
(A) Cost of Revenue from Operations
(B) Material consumed
(C) Opening Inventory + Purchases – Closing Inventory
(D) All of the above

210) What is gross profit + materials consumed?
(A) Purchases
(B) Revenue from Operations
(C) Opening Inventory
(D) Closing Inventory

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