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. Calendar 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) Comparison
   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 analysis
   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
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 current 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 expanses 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.50,000 then current liability will be---------
   a) Rs.1,00,000  
   b) Rs.1,30,000  
   c) Rs.70,000  
   d) Rs.30,000

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---------------------------------------------
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) Rol 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
   a) Mortgage loan
   b) Bank balance
   c) Outstanding salary
   d) None of these

124) Current liabilities are equals to------------------------
   a) Working capital + current assets
   b) Working capital - current assets
   c) Current assets - working capital
   d) Current asset + working capital

125) Inflow of fund does not take place due to----------------
   a) Funds from operation
   b) Increase in capital
   c) Increase in working capital
   d) Sale of fixed asset

126) Increase in working capital is------------------------
   a) Source of fund
   b) Application of fund
   c) Funds from operation
   d) 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------------------
   a) Rs.25000
   b) Rs.15000
   c) Rs.35000
   d) Rs.14000

128) Stock at the end results in------------------------
   a) Application of fund
   b) Source of fund
   c) Inflow of fund
   d) None of these

129) Depreciation is a source of fund-------------------
   a) Yes
   b) No
   c) Both yes or no
   d) None of these

130) Stock in the beginning results in------------------
   a) Application of funds
   b) Source of fund
   c) Inflow of fund
   d) None of these

131) Which of the following does not affect the fund flow statement
   a) Issue of shares
   b) Borrowing
   c) Repayment of loan
   d) Payment to creditors

132) Which of the following does not affect working capital---------
   a) 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
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 shareholders
   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__________
   a) Closing balance of cash
   b) Closing balance of bank
   c) Opening balance of bank
   d) Closing balance of cash and cash equivalent

190) Cash payment on redemption of debenture is an example of cash flow from ________ activities
   a) Operating
   b) Investing
   c) Financing
   d) Others

Answer key

41.A 42.A 43.A 44.C 45.A
71.D 72.A 73.A 74.A 75.C
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