

ENGINEERING ECONOMICS

MULTIPLE CHOICE

1.

In Monopoly the profits will be maxmized at the following point.

- | | |
|---|--|
| a. Where the average cost curve Intersects Marginal Revenue curve. | c. Where the average cost curve Intersects Average Revenue curve. |
| b. Where the Marginal cost curve Intersects Marginal Revenue curve. | d. Where the Marginal cost curve Intersects Average Revenue curve. |

ANS: B PTS: 1

2. **Monopoly is Socially undesirable beacuse**

- | | |
|---|----------------------------------|
| a. Of Efficient Allocation of resource | c. Of Exploitation of Customers |
| b. Gap Between the rich and poor is reduced | d. Unlimited Output is Generated |

ANS: C PTS: 1

3.

The Price Discrimination can be followed when

- | | |
|---|--|
| a. The purchasing power of the customer is high | c. The purchasing power of the customer is Low |
| b. There is no purchasing power of the customer | d. None of the above |

ANS: A PTS: 1

4.

The price discrimination is advantageous because

- | | |
|--|---|
| a. The challenges of the competitors can be met | c. The challenges of the competitors can't be met |
| b. The surplus production cannot be disposed off | d. All of the above |

ANS: A PTS: 1

5.

In Monopoly the demand curve can be represented by

- | | |
|---------------------------|-----------------------------|
| a. Marginal Revenue curve | c. Average Revnue curve |
| b. Oligopoly | d. Monopolistic competition |

ANS: C PTS: 1

6. **In a monopoly what are the characteristics of Managerial Revenue Curve**

- a. Marginal Revenue curve slopes upwards
- b. Marginal Revenue curve lies above Average Revenue curve
- c. Marginal Revenue is a Horizontal Straight Line
- d. Marginal Revenue curve lies below Average Revenue curve

ANS: D PTS: 1

7. **In a monopoly what are the characteristics of Average Revenue Curve**

- a. Marginal and Average revenue curves slopes upwards
- b. Average revenue curve lies above marginal revenue curve
- c. Marginal and Average revenue curves slopes downwards
- d. None of the above

ANS: B PTS: 1

8.

In a Monopoly the Average revenue curve

- a. Slopes upward from left to right
- b. parallel to X-axis
- c. Slopes downwards from left to right
- d. All of the above

ANS: C PTS: 1

9.

In Monopoly the marginal cost curve

- a. Intersects the marginal revenue curve from below
- b. Increases
- c. Remains same
- d. Any of the above

ANS: A PTS: 1

10.

When a firm sells its products to its customers of different profile at different prices with no corresponding change in cost, its said to be

- a. Price Discrimination
- b. Monopoly
- c. Imperfect competition
- d. All of the above

ANS: A PTS: 1

11.

The pricing strategy where a firm charges a fixed fee for the right to purchase its goods plus a per unit charge for each unit purchased

- a. Two part pricing
- b. Market skimming
- c. Total cost
- d. Total pricing

ANS: A PTS: 1

12. The method of quoting selling price by finiding the avarage cost at normal output and adding the normal profit to its known as
- a. cost plus pricing
 - b. Going rate pricing
 - c. sealed bid pricing
 - d. Any of the above
- ANS: A PTS: 1
13. The pricing done with an inention to increase the volume and the margin of profit is known as
- a. Marketing skimming
 - b. Two part pricing
 - c. Market Penetration
 - d. Block Pricing
- ANS: C PTS: 1
14. **The objective of pricing is**
- a. To maximize profits
 - b. To reduce market share
 - c. To reduce sales
 - d. none of the above.
- ANS: A PTS: 1
15. Selling price is fixed in such a way that is always covers fully the variable cost. This method is known as
- a. Marginal cost pricing
 - b. Cost plus pricing
 - c. Going rate pricing
 - d. All of the above
- ANS: A PTS: 1
16. Giffen goods are also called
- a. Inferior goods
 - b. Standard goods
 - c. superior goods
 - d. None of the above
- ANS: A PTS: 1
17. The method of quoting the price through a Tender is known as
- a. Sealed Bid Pricing
 - b. Going rate pricing
 - c. Operations research
 - d. All the above
- ANS: A PTS: 1
18. Closing a company is called
- a. Winding up
 - b. Stopping the transactions in the company
 - c. For a day
 - d. None of the above
- ANS: A PTS: 1
19. The minimum number of persons in a Public company is
- a. 6
 - b. 8
 - c. 7
 - d. None of the above
- ANS: C PTS: 1

20. Price is a
- | | |
|------------------------|-------------------------|
| a. Dependent Variable | c. Independent Variable |
| b. Continuous Variable | d. Discrete Variable |
- ANS: C PTS: 1
21. Q)The minimum number of persons is seven in _____comapany.
- | | |
|------------------------|----------------------|
| a. Public company | c. Private company |
| b. Joint stock company | d. None of the above |
- ANS: A PTS: 1
22. The charter of the company is called
- | | |
|------------------------------|----------------------|
| a. Memorandum of association | c. Group association |
| b. Members association | d. All of the above |
- ANS: A PTS: 1
23. A joint stock company is registered under
- | | |
|-------------------------------|-------------------------------|
| a. Indian Companies Act, 1952 | c. Indian Companies Act, 1942 |
| b. Indian Companies Act, 1956 | d. None of the above |
- ANS: B PTS: 1
24. The closure of partnership is called
- | | |
|----------------|---------------------|
| a. Winding up | c. Closing |
| b. Dissolution | d. All of the above |
- ANS: B PTS: 1
25. The shares of which company can be transferred
- | | |
|------------------------|----------------------|
| a. Joint stock company | c. Private company |
| b. Joint Hindu Family | d. None of the above |
- ANS: A PTS: 1
26. Price is a _____ Proportional to the quantity of Demand
- | | |
|-------------|---------------------|
| a. Directly | c. Equally |
| b. Inverse | d. All of the above |
- ANS: B PTS: 1
27. The liability extending to the personal property of the trader is called
- | | |
|----------------------|------------------------|
| a. Limited liability | c. Unlimited Liability |
| b. Liability | d. None of the above |
- ANS: C PTS: 1
28. Decision making is faster in
- | | |
|------------------------|---------------------------|
| a. Partnership firm | c. Public limited company |
| b. Joint stock company | d. Sole trading |
- ANS: D PTS: 1

29. The sole trader form of organization is not suitable when
- a. Risk is low
 - b. Risk is high
 - c. Risk is identified
 - d. All of the above
- ANS: B PTS: 1
30. The written agreement among partners is
- a. Partnership deed
 - b. Consignment
 - c. Agreement
 - d. None of the above
- ANS: A PTS: 1
31. Indian Companies Act was enacted in
- a. 1958
 - b. 1957
 - c. 1956
 - d. 1959
- ANS: C PTS: 1
32. The minimum number of persons required to start Partnership firm is
- a. 3
 - b. 2
 - c. 5
 - d. 4
- ANS: B PTS: 1
33. Working partner is also called
- a. Sleeping partner
 - b. Partner by holding out
 - c. Nominal partner
 - d. Active Partner
- ANS: D PTS: 1
34. The Indian Partnership Act is enacted in
- a. 1932
 - b. 1935
 - c. 1936
 - d. 1934
- ANS: A PTS: 1
35. In the absense of an agreement the partners are entitled to share the profits
- a. Partly
 - b. Required
 - c. Equally
 - d. None of the above
- ANS: C PTS: 1
36. A partner who lends his name to the firm without having any real interest is called as
- a. Active partner
 - b. Working Partner
 - c. Nominal Partner
 - d. All of the above
- ANS: C PTS: 1

37. The business cycle can be called as
- a. Economic cycles
 - b. Normative cycles
 - c. Macrocycles
 - d. None of the above

ANS: A PTS: 1

38. The financial statements comprises of
- a. Trading account
 - b. Balance sheet
 - c. Profit and loss account
 - d. All of the above

ANS: D PTS: 1

39. Financial or Accounting year starts from _____ of every year
- a. January
 - b. April
 - c. June
 - d. March

ANS: B PTS: 1

40. Financial or Accounting year ends at _____ of every year
- a. January
 - b. March
 - c. April
 - d. June

ANS: B PTS: 1

41. Managers use accounting information to report to
- a. Shareholders
 - b. Employees
 - c. Government
 - d. All of the above

ANS: A PTS: 1

42.

The difference between assets and liabilities is

- a. Capital
- b. Cost
- c. Profit
- d. Loss

ANS: A PTS: 1

43. Which of the following is called as Return Inwards?

- a. Purchase returns
- b. Sales returns
- c. Both sales and purchase returns
- d. None of the above

ANS: B PTS: 1

44. Carriage means

- a. Outwards
- b. Inwards
- c. Both
- d. None of the above

ANS: B PTS: 1

45. Money used for personal purpose means

- a. Debitor
- b. Capital
- c. Drawings
- d. Credit

ANS: C PTS: 1

46. The information given in Adjustments should be posted in

- a. Trading account
- b. Balance sheet
- c. Profit and Loss account
- d. Any of two in the above

ANS: D PTS: 1

47. The rent paid in cash to landlord is credited to

- a. Cash account
- b. Drawings
- c. Credit account
- d. Temporary expenses

ANS: A PTS: 1

48. Maintaing of Individual accounts is called

- a. Journal entries
- b. Ledgers
- c. Cash account
- d. Credit account

ANS: B PTS: 1

49. In accounting Creditor Means

- a. Who takes cash from you
- b. who is having cash in hand
- c. Who not pays the cash money
- d. Who gives cash to you

ANS: D PTS: 1

50. In accounting Debitor means

- a. Who not pays the taken cash
- b. Who takes cash from you
- c. who is having cash in hand
- d. Who gives cash to you

ANS: B PTS: 1

51. The method of quoting the price through a tender is known as

- a. Cost plus pricing
- b. Marginal Pricing
- c. Sealed Bid Pricing
- d. Going rate pricing

ANS: C PTS: 1

52. Railways are a good example of which type of competition?

- a. Monopoly
- b. Perfect
- c. Monopolistic
- d. Oligopoly

ANS: A PTS: 1

53. A unit of capital is called

- a. debenture
- b. comapany
- c. bond
- d. share

ANS: D PTS: 1

54. Those who wish to promot e a new firm are called

- a. Manager
- b. Entrepreneur
- c. sales man
- d. Business

ANS: B PTS: 1

55. Discounted cash flow methods are also called

- a. Traditional Methods
- b. Cash flow Methods
- c. Modern Methods
- d. None of the above

ANS: C PTS: 1

56. The ----- the IRR, the is the better is the profitability

- a. Higher
- b. lower
- c. Decrease
- d. Negative

ANS: A PTS: 1

57. Production function one variable how many factors are variable

- a. one
- b. three
- c. two
- d. four

ANS: A PTS: 1

58. is a Character Sole Trader

- a. Own Control
- b. Owner
- c. Limited liability
- d. All of the above

ANS: D PTS: 1

59. The difference between the present value of a future cash flow and its future value is called

- a. ARR
- b. NPV
- c. IRR
- d. Non of the above

ANS: B PTS: 1

60. Interest is a return for

- a. Land
- b. Capital
- c. labour
- d. enterprise

ANS: B PTS: 1

61. The ratio between the present value future cash inflows and Outflows is called

- a. PBP
- b. IRR
- c. Profitability Index
- d. NPV

ANS: C PTS: 1

62. The ultimate goal of financial manager

- a. Profit Maximisation
- b. Shareholders Wealth
- c. Wealth Maximisation
- d. All of the above

ANS: D PTS: 1

63. CFAT Refers

- a. Cash flows After Taxes
- b. Cash flows After Tenure
- c. Cash flows after Time
- d. Non of the above

ANS: A PTS: 1

64. CFBT refers

- a. Cash flows Before Taxe
- b. Cash flows Before Tenure
- c. Cash flows Before Time
- d. Non of the above

ANS: A PTS: 1

65. LF Stands for

- a. Ledger Folio
- b. Ledger First
- c. Ledger Forward
- d. Non of the above

ANS: A PTS: 1

66. Accounting Meaning
 a. Recording
 b. Summarising
 c. Classifying
 d. All of the above
 ANS: D PTS: 1
67. IRR stands for
 a. Internal Rate of Return
 b. Internal Rate of Range
 c. Integrated Rate of Return
 d. Non of the above
 ANS: D PTS: 1
68. Miimum members to Start Public Sector Company
 a. 7
 b. 2
 c. 3
 d. 4
 ANS: A PTS: 1
69. Miimum members to Start Public Sector Company
 a. 3
 b. 4
 c. 2
 d. None of the above
 ANS: C PTS: 1
70. Departmental Undertaking Firms
 a. Indian Railways
 b. Defence
 c. All India Post
 d. All the above
 ANS: D PTS: 1
71. Chracterstics of Patnership
 a. Agreement
 b. Membership
 c. Sharing
 d. All of the above
 ANS: B PTS: 1
72. UTI refers
 a. Unit Trust of India
 b. Unit Time of India
 c. Unit Truth of India
 d. All of the above
 ANS: A PTS: 1
73. Long term Loans are
 a. Less than one
 b. More than three
 c. More than one
 d. Non of the above
 ANS: B PTS: 1
74. Working Capital is
 a. To meet one year Expenditure
 b. To meet Capital requirements
 c. To meet Long term Expenditure
 d. None of the above
 ANS: A PTS: 1

75. Capital Budgeting is
- | | |
|---------------------------------|----------------------------------|
| a. To meet one year Expenditure | c. To meet Long term Expenditure |
| b. To meet Capital requirements | d. None of the above |
- ANS: C PTS: 1
76. which is the stage of Business cycle
- | | |
|--------------|---------------------|
| a. Recession | c. Recovery |
| b. Boom | d. All of the above |
- ANS: D PTS: 1
77. Recession meaning
- | | |
|--------------------|---------------------|
| a. Full employment | c. More Sales |
| b. sales Decline | d. Non Of the above |
- ANS: B PTS: 1
78. Boom Meaning in business cycle
- | | |
|--------------------|---------------------|
| a. Full Employment | c. More Sales |
| b. Enjoys Profit | d. All of the above |
- ANS: D PTS: 1
79. Journal means
- | | |
|-------------------------------|---------------------|
| a. Classification of Accounts | c. Original entry |
| b. Summarising Accounts | d. Non of the above |
- ANS: C PTS: 1
80. What is the Formula For Calculating P/V ration
- | | |
|-------------------------------|---------------------------|
| a. Variable cost/contribution | c. Contribution/sales*100 |
| b. Fixed cost/ Variable cost | d. None of the above |
- ANS: C PTS: 1
81. Current Ratio is
- | | |
|--|--|
| a. Current Assetst/Current Liabilities | c. Current Liabilitiest/Current Assets |
| b. Fixed Cost/Variable cost | d. Non of the above |
- ANS: A PTS: 1
82. Quick ratio is
- | | |
|--|--|
| a. Current Assetst/Current Liabilities | c. Current Liabilitiest/Current Assets |
| b. Quick Assetst/Quick Liabilities | d. Non of the above |
- ANS: B PTS: 1
83. Indian Companies Act was enacted in the year
- | | |
|---------|---------|
| a. 1956 | c. 1957 |
| b. 1958 | d. 1955 |
- ANS: A PTS: 1

84. The main objective of any business Enterprises is
- a. Earn profits
 - b. Attract Customers
 - c. Earn brand name
 - d. Non of the above
- ANS: A PTS: 1
85. Which of the following is not included in the balance sheet
- a. sales
 - b. Current Assets
 - c. Profits
 - d. Non of the above
- ANS: A PTS: 1
86. An Artificial person created by law, with perpetual existence and a common seal is called
- a. Joint stick company
 - b. Partnership
 - c. Sole trader
 - d. Non of the above
- ANS: A PTS: 1
87. An Artificial person created by law, with perpetual existence and a common seal is called
- a. sleeping Partner
 - b. Active Partner
 - c. Business man
 - d. Non of the above
- ANS: A PTS: 1
88. A _____ Company must issue prospectus.
- a. Public Company
 - b. Joint stock Company
 - c. Partnership
 - d. None of the above
- ANS: A PTS: 1
89. All India Radio is a good example of which type of competition
- a. Monopoly
 - b. Oligopoly
 - c. Duopoly
 - d. All of the above
- ANS: A PTS: 1
90. Accounting is an act of
- a. Recording
 - b. **Classifying**
 - c. Summarising
 - d. All of the above
- ANS: D PTS: 1
91. The ratio which measures the relationship between operating cost and net sales is
- a. Operating Ratio
 - b. Current Ratio
 - c. Liquidity Ratio
 - d. None of the above
- ANS: A PTS: 1

92. Market is Place
- | | |
|-----------------------------|--|
| a. Where only Buyers exist | c. Where both buyers and sellers exist |
| b. Where only Sellers exist | d. All of the above |
- ANS: C PTS: 1
93. Market is a place where
- | | |
|-------------------------|--------------------------|
| a. There is a commodity | c. There is only sellers |
| b. There is only buyers | d. All of the above |
- ANS: A PTS: 1
94. Market is place where
- | | |
|-------------------------|--------------------------|
| a. There is only buyers | c. There is only Sellers |
| b. There is competition | d. All of the above |
- ANS: B PTS: 1
95. Which of the following is the Perfect competition
- | | |
|---------------------|--------------|
| a. Pure competition | c. Monopoly |
| b. Duopoly | d. Oligopoly |
- ANS: A PTS: 1
96. Which of the following is the Perfect Competition
- | | |
|-----------------------------------|----------------------|
| a. Large no of buyers and sellers | c. Only Buyers |
| b. Only sellers | d. None of the above |
- ANS: A PTS: 1
97. Which of the following is a non-current asset?
- | | |
|--------------|---------------------|
| a. Good will | c. Machine |
| b. Building | d. All of the above |
- ANS: A PTS: 1
98. Working capital is also called as
- | | |
|------------------------|----------------------|
| a. Circulating capital | c. Fixed Capital |
| b. Long term Capital | d. None of the Above |
- ANS: A PTS: 1
99. Which of the following organizations falls under the category of Monopoly?
- | | |
|-------------------|--------------|
| a. Oil industry | c. Oligopoly |
| b. Indian Railway | d. Duopoly |
- ANS: B PTS: 1

100. Which of the following is not a non- discounting method

- a. IRR
- b. ARR
- c. PBP
- d. Non of the above

ANS: A PTS: 1

101. The business cycle can be called as

- a. Trade Cycle
- b. Operating Cycle
- c. Life Cycle
- d. None of the Above

ANS: A PTS: 1

102. Boom in the business cycle can be called as

- a. Over Full Employment
- b. Average Full Employment
- c. low Full Employment
- d. The buyer is price taker

ANS: A PTS: 1

103. aaaaaaThe principle of Equilibrium point is

- a. Marginal cost must cut marginal revenue from above
- b. Marginal cost must cut marginal revenue from below
- c. Marginal revenue must cut marginal cost from below
- d. Marginal revenue must cut marginal cost from above

ANS: B PTS: 1

104.

Personal Account Example is

- a. Suresh A/C
- b. ABC & Co A/C
- c. XYZ Company A/C
- d. All of the above

ANS: D PTS: 1

105. Real Accounts is

- a. Suresh A/C
- b. Wages A/C
- c. Cash A/C
- d. Non of the above

ANS: C PTS: 1

106. Nominal Account is

- a. ABC & CO A/C
- b. Salaries A/C
- c. Firm A/C
- d. All of the above

ANS: B PTS: 1

107. Current Assets are

- a. Land
- b. Material
- c. labor
- d. All of the above

ANS: B PTS: 1

108. Which of the following belongs to Current Asset
- | | |
|-----------------|---------------------|
| a. Building | c. Machinery |
| b. cash at Bank | d. Non of the above |
- ANS: B PTS: 1
109. Long term Asset is
- | | |
|--------------|---------------------|
| a. Land | c. Building |
| b. Machinery | d. All of the above |
- ANS: D PTS: 1
110. Current ratio is considered as a
- | | |
|------------------|----------------------|
| a. Liquidity | c. Solvency |
| b. Profitability | d. None of the above |
- ANS: A PTS: 1
111. Quick ratio is the ratio between liquid assets and
- | | |
|------------------------|---------------------|
| a. Liquid Liabilities | c. Current Assets |
| b. Current Liabilities | d. All of the above |
- ANS: A PTS: 1
112. Inventory Turnover ratio is also called
- | | |
|--------------------------|----------------------|
| a. Stock turn over ratio | c. Liquidity ratio |
| b. Average ratio | d. None of the above |
- ANS: A PTS: 1
113. The flow of money in the business is called
- | | |
|--------------------------|---------------------|
| a. Working Capital Cycle | c. Business Cycle |
| b. Trade cycle | d. All of the above |
- ANS: A PTS: 1
114. Short Term Assets are
- | | |
|-------------|--------------|
| a. Building | c. Machinery |
| b. Land | d. Stock |
- ANS: D PTS: 1
115. Which one of the following is not a form of long-term finance?
- | | |
|--------------|---------------------|
| a. Hand loan | c. short term loan |
| b. Both A& B | d. Non of the Above |
- ANS: B PTS: 1
116. The process of evaluating the relative worth of long-term investment proposal
- | | |
|----------------------|--------------------|
| a. Capital Budgeting | c. Working Capital |
| b. Both A & B | d. Non of th above |
- ANS: A PTS: 1

117. PI stands for
- a. Profitability Index
 - b. Profitability Indection
 - c. Profitability Indicator
 - d. Non of the above
- ANS: A PTS: 1
118. Marginal cost is defined as
- a. Total cost divided by output
 - b. Total product divided by the quantity of output
 - c. The change in output to one unit change in input
 - d. The change in total cost due to one unit change in output
- ANS: D PTS: 1
119. Sales are depends on
- a. Price
 - b. Brand
 - c. Advertising
 - d. All of the Above
- ANS: D PTS: 1
120. ARR Stands for
- a. Accounting Rate of Return
 - b. Both A & B
 - c. Average Rate of Return
 - d. None of the above
- ANS: B PTS: 1
121. NPV Consider
- a. $Npv = 0$
 - b. $NPV < 1$
 - c. $NPV > 1$
 - d. None o fhe above
- ANS: A PTS: 1
122. Ledger Shape is
- a. T
 - b. Y
 - c. X
 - d. Non of the Above
- ANS: A PTS: 1
123. Select always Projects with
- a. Lower NPV
 - b. Zero NPV
 - c. Negative NPV
 - d. Higher NPV
- ANS: D PTS: 1
124. Cash Inflo refers to
- a. Cash Incomes
 - b. Past Incomes
 - c. Future Incomes
 - d. All of the above
- ANS: A PTS: 1

125. In Monopoly Market how many sellers are there
 a. 1 c. 3
 b. 2 d. 4
 ANS: A PTS: 1
126. In duopoly Market how many sellers are there
 a. 1 c. 2
 b. 3 d. 4
 ANS: C PTS: 1
127. Capital Budgeting Decisions are
 a. Construction of Building c. Project selection
 b. Buying Machine d. All of the Above
 ANS: D PTS: 1
128. PV factor Means
 a. Present Value c. Past Value
 b. Promotion vale d. Non of the Above
 ANS: A PTS: 1
129. Which of the following is not short term finance
 a. commercial Paper c. Venture capital
 b. Bank Over Draft d. Trade Credit
 ANS: C PTS: 1
130. Current assets Includes all except
 a. cash c. Bills payable
 b. work Progress d. Finished goods
 ANS: B PTS: 1
131. Current Liabilities Include all of these except
 a. Creditors c. Prepaid Expenses
 b. Bills payable d. Accruals
 ANS: B PTS: 1
132. Which one of the following not a form of Long - term Finance
 a. Own capital c. Debenture
 b. Share Capital d. Hand loans
 ANS: D PTS: 1
133. which one of the ollowing not a feature of working capital
 a. Smooth flow of operations c. Long life span
 b. liquidity d. Non of the above
 ANS: C PTS: 1

134. ROI refers
- Return on Investment
 - Rate on Investment
 - Return on Initiation
 - Non of the above
- ANS: A PTS: 1
135. Rent is an example for
- revenue Account
 - expenditure account
 - Capital account
 - None of the above
- ANS: B PTS: 1
136. Cash is
- Real account
 - Nominal account
 - Personal account
 - Non of the above
- ANS: A PTS: 1
137. Purchase is
- Real account
 - Nominal account
 - Personal account
 - Non of the above
- ANS: B PTS: 1
138. Real account Rule
- Debit the Receiver
 - debit what Comes in
 - Credit the giver
 - All of the above
- ANS: B PTS: 1
139. Nominal account rule is
- Debit the receiver
 - Debit what comes in
 - debit all Expenses
 - Credit the Giver
- ANS: C PTS: 1
140. which of the following is both Journl and Ledger account
- cash receipts
 - cash book
 - cash payments
 - Non of the above
- ANS: B PTS: 1
141. final accounts Comprises
- Ledger, Trail balance
 - Profit & Loss Account
 - Tradind account
 - Tradind account , Profit & Loss Account
- ANS: D PTS: 1
142. Accounting helps to
- Company
 - Share holders
 - Government
 - All of the Above
- ANS: D PTS: 1

143. NPV defined as
- | | |
|--|---|
| a. Present value of cash outflows - Present value of Future cash inflows | c. Present value of income - Present value of Future cash flows |
| b. Present value of income - Present value of Future Expenditure | d. None of the above |

ANS: A PTS: 1

144. pay back period is
- | | |
|--|---|
| a. Initial Investment/Annual Cash inflow | c. Initial Investment/Annual Cash outflow |
| b. Initial Income/Annual Cash inflow | d. None of the above |

ANS: B PTS: 1

145. ARR is
- | | |
|---|--|
| a. Average Income / Average Investment | c. Average Income / Average Investment |
| b. Average Expenditure / Average Investment | d. None of the above |

ANS: A PTS: 1

146. PI is
- | | |
|--|--|
| a. Present Value of Cash / Present Value of cash outflow | c. Present Value of Cash inflow/ Present Value of cash |
| b. Present Value of Cash inflow/ Present Value of cash outflow | d. All of the above |

ANS: B PTS: 1

147. working Capital is
- | | |
|---|------------------------|
| a. Current assets | c. Current Liabilities |
| b. Current assets & Current Liabilities | d. None of the above |

ANS: B PTS: 1

148. Capital is
- | | |
|------------------|----------------------|
| a. Fixed capital | c. Working capital |
| b. Both A & C | d. None of the above |

ANS: B PTS: 1

149. Cash flow refers
- | | |
|-------------------------------|-----------------|
| a. Cash inflow | c. Cash outflow |
| b. Cash inflow & Cash outflow | d. cash at bank |

ANS: B PTS: 1

150. Accounting Concepts are
- | | |
|----------------------------|---------------------|
| a. Business Entity concept | c. Cost Concept |
| b. Going Concern concept | d. All of the above |

ANS: D PTS: 1

151. Pay back Period is Calculated as under

a. b. c.

- a. No of years/Initial Investment
- b. Annual Inflows/Initial Investment

- c. Annual Inflows/No of years
- d. Initial Investment/Annual Inflows

ANS: D PTS: 1

152. An undertaking having the characteristics of Separate Legal Existence, Common Seal and Perpetual succession is known

as

- a. Joint Stock Company
- b. Partnership

- c. Co-operative Society
- d. Sole Proprietary

ANS: A PTS: 1

153. This form of organization can maintain personal contact with customers.

- a. Joint Stock Company
- b. Sole Proprietary

- c. Public Limited Company
- d. Co-operative Society

ANS: B PTS: 1

154. An association of persons usually of limited means who have voluntarily joined together to achieve a common economic end is known as.

- a. Joint Stock Company
- b. Partnership

- c. Co-operative Society
- d. Sole Proprietary

ANS: C PTS: 1

155. Private Limited is added at the end of a

- a. Private Limited Company
- b. Departmental Undertaking

- c. Public Limited Company
- d. Government Company

ANS: A PTS: 1

156. Which of the following firm is easy to start and easy to close?

- a. Departmental Undertaking
- b. Public Enterprise

- c. Sole Proprietary Concern
- d. Public Limited Company

ANS: C PTS: 1

157. The Basic difference between a Sole Trader, and Partnership is

- a. Unlimited Liability

- c. Limited Growth

- b. Number of Members

- d. Personal Contact with the customer

ANS: B PTS: 1

158. Which of the following is the feature of Sole Trader?

- a. Liability limited by assurance
- b. Unlimited Liability
- c. Liability, limited by guarantee
- d. Limited Liability

ANS: B PTS: 1

159. _____ form of organization requires Memorandum and Articles of Association for Incorporation.

- a. Joint Stock Company
- b. Partnership
- c. Co-operative Society
- d. Sole Proprietary

ANS: A PTS: 1

160. The relationship between two or more persons who agree to share the profits of the business carried on by all or any one of them acting for all is known as:

- a. Joint Stock Company
- b. Partnership
- c. Co-operative Society
- d. Sole Proprietary

ANS: B PTS: 1

161. Which of the following is not a feature of Sole Proprietary concern.

- a. He has unlimited liability
- b. Two or more persons can form it
- c. It enjoys/suffers profits and losses of the firm
- d. It can introduce capital on its own

ANS: B PTS: 1

162. What are the advantages of Sole Trader concern?

- a. Limited amount of Capital
- b. Lack of specialization
- c. Prompt decisions can be taken
- d. Unlimited Company

ANS: C PTS: 1

163. How many people can start a Sole Proprietary concern

- a. 2
- b. 1
- c. 5
- d. 4

ANS: B PTS: 1

164. Identify a sole trader concern from the following:

- a. Reliance Industries Limited
- b. Pan Shop/Kirana Shop
- c. Champaklal and Sons
- d. Hindustan Lever Limited

ANS: B PTS: 1

165. What is the difference between Sole Proprietary Concern and Partnership?

- a. Easy to form
- b. Flexibility
- c. Number of Persons forming the firm
- d. Unlimited Liability

ANS: C PTS: 1

166. How many people can start a Partnership concern for doing Non-banking business

- a. 30
- b. 20
- c. 10
- d. 15

ANS: B PTS: 1

167. A partner who contributes to the capital of the firm but does not take active part in the business is known as

- a. Minor Partner
- b. Sleeping Partner
- c. Nominal Partner
- d. Active Partner

ANS: B PTS: 1

168. A company, where not less than 51 % of the share capital is held by Central Government, it is known as

- a. Government Company
- b. Private Company
- c. Foreign Company
- d. Public Company

ANS: A PTS: 1

169. The contribution of the member does not exceed the face value of the share, in case the company goes into liquidation.

This concept is known as

- a. Perpetual Succession
- b. Separate Legal Existence
- c. Limited Liability
- d. Artificial Person

ANS: C PTS: 1

170. Members may come and members may go but the company continues forever. This concept is known as

- a. Perpetual Succession
- b. Separate Legal Existence
- c. Limited Liability
- d. Artificial Person

ANS: A PTS: 1

171. What is the maximum number of members for a Private Limited Company

- a. 40
- b. 100
- c. 50
- d. 20

ANS: C PTS: 1

172. What is the maximum number of members for a Public Limited Company.

- a. 400
- b. 500
- c. Unlimited
- d. 200

ANS: C PTS: 1

173. Which of the following is a Departmental Undertaking

- a. Reliance Industries Limited
- b. Railway
- c. State Bank of India
- d. ONGC

ANS: B PTS: 1

174. Stock is categorized as

- a. Current Liabilities
- b. Working Capital
- c. Fixed Capital
- d. Intangible Assets

ANS: B PTS: 1

175. Bank Loan is categorized as

- a. Current Assets
- b. Intangible Assets
- c. Current Liabilities
- d. Working Capital

ANS: C PTS: 1

176. The amount borrowed from a Bank is known as

- a. Deposits
- b. Debentures
- c. Equity Shar
- d. Bank Loan

ANS: D PTS: 1

177. Land, Building, Plant and Machinery are categorized as

- a. Current Asset
- b. Working Capital
- c. Intangible Assets
- d. Fixed Capital

ANS: D PTS: 1

178. Owners Capital is known as

- a. Bank Loan
- b. Debentures
- c. Equity Capital
- d. Deposits

ANS: C PTS: 1

179. In which of the following methods the Discounted Present Value alone is calculated

- a. Profitability Index
- b. ARR
- c. Net Present Value
- d. Pay back Period

ANS: A PTS: 1

180. The Initial Investment in a project is Rs.10,000/-. The annual Cash Inflows for first, second, third, fourth and fifth year are Rs.1,500/-, Rs.2,500/-, Rs.3,000/-, Rs.3,000/- and Rs.2,000/-. The Pay Back Period is

- a. 1 year
- b. 3 years
- c. 2 years
- d. 4 years

ANS: D PTS: 1

181. The Initial Investment in a project is Rs.10,000/-. The annual Cash Inflows for the first, second, third, fourth and fifth year are Rs.2,500/-, Rs.2,500/-, Rs.3,000/-, Rs.4,000/- and Rs.2,000/-. The Pay Back Period is

- a. 1 year
- b. 3.5 years
- c. 2.5 years
- d. 4 years

ANS: B PTS: 1

182. Pay back Period is Calculated as under

- a. No of years/Initial Investment
- b. Annual Inflows/Initial Investment
- c. Annual Inflows/No of years
- d. Initial Investment/Annual Inflows

ANS: D PTS: 1

183. The Initial Investment in a project is Rs.10,000/-. The annual Cash Inflows are Rs.2,500/- per year. The Pay Back Period is

- a. 4 years
- b. 2 years
- c. 5 years
- d. 3 years

ANS: A PTS: 1

184. Goodwill is a

- a. Current Asset
- b. Intangible Asset
- c. Fictitious Asset
- d. Tangible Asset

ANS: B PTS: 1

185. Computer is a

- a. Current Asset
- b. Intangible Asset
- c. Fictitious Asset
- d. Tangible Asset

ANS: B PTS: 1

186. Salary Account, Rent Account, Commission Account, Discount Account are known as

- a. Fixed Account
- b. Personal Account
- c. Nominal Account
- d. Real Account

ANS: C PTS: 1

187. Journal is a

- a. Book of Trading Account.
- b. Book of classification of entries
- c. Book of original entries
- d. Book of summarizing entries

ANS: C PTS: 1

188. The amount of Debit must _____ the amount of Credit. [12S05]

- a. b. c. d.
- a. Be unequal to
- b. Be equal to
- c. Be Less than
- d. Be greater than

ANS: A PTS: 1

189. Which account is Credited when the Purchased Goods are Returned?

- a. Goods Account
- b. Purchase Return A/c
- c. Goods Account
- d. Purchase Return A/c

ANS: B PTS: 1

190. Purchase Returns are

- a. Deducted from the Sales
- b. Added to the Purchases
- c. Deducted from the Purchases
- d. Added to the Opening Stock

ANS: C PTS: 1

191. Land and Building is

- a. Fictitious Asset
- b. Tangible Asset
- c. Intangible Asset
- d. Current assest

ANS: B PTS: 1

192. Car is shown in the Balance Sheet as

- a. Current Asset
- b. Fixed Asset
- c. Intangible Asset
- d. Liability

ANS: B PTS: 1

193. Sundry Debtor is a

- a. Current Asset
- b. Fictitious Asset
- c. Tangible Asset
- d. Fixed Asset

ANS: A PTS: 1

194. Bills Receivable is a

- a. Current Asset
- b. Current Liabilities
- c. Fictitious Asset
- d. Long Term Debt

ANS: A PTS: 1

195. Ratio measuring the liquidity of a company is

- a. Interest Coverage Ratio
- b. Current Ratio
- c. Earning Per Share
- d. Debt-equity Ratio

ANS: B PTS: 1

196. What is the formula for Quick Ratio?

- a. Current Liabilities / Quick Asset
- b. Current Assets / Current Liabilities
- c. Quick Assets / Current Liabilities
- d. Current Assets - Current Liabilities

ANS: C PTS: 1

197. How to calculate Quick Assets?

- a. Current Assets Prepaid Expenses
- b. Current Assets - (Closing Stock + Prepaid Expenses)
- c. Current Assets Current Liabilities
- d. Current Assets (Opening Stock + Closing Stock)

ANS: B PTS: 1

198. level of Current Ratio?

- a. 1;1
- b. 1:2
- c. 2:1
- d. non of the above

ANS: C PTS: 1

199. Debtors Turnover Ratio

- | | |
|--------------------------------------|---------------------------------------|
| a. Credit Sales/Average Debtors | c. Average Debtors/Sales |
| b. Average Inventory/Average Debtors | d. Credit Purchases/Average Creditors |

ANS: A PTS: 1

200. What should be the reasonable level of Debt-Equity Ratio is

- | | |
|--------|--------|
| a. 1:3 | c. 3:1 |
| b. 1:2 | d. 2:1 |

ANS: D PTS: 1