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| **QUESTIONBANK(DESCRIPTIVE)**  **Subject Name with Code: MANAGERIAL ECONOMIC & FINANCIAL ANALYSIS (MEFA)**  **Course & Branch: B.TECH**  **Year & Semester: II-II Regulation:RG22** | |

**UNIT –I**

|  |  |  |
| --- | --- | --- |
| **S. No.** | **Question** | **[BT Level] [CO] [ Marks]** |
| **2 Marks Questions (Short)** | | |
|  | Define managerial economics. | **L1, CO1,2M** |
|  | What is demand? | **L1, CO1,2M** |
|  | Define elasticity of demand. | **L1, CO1,2M** |
|  | Define law of demand. | **L1, CO1,2M** |
|  | Define demand forecasting. | **L1, CO2,2M** |
|  | Explain about short run demand forecasting. | **L2, CO2,2M** |
|  | Explain about long run demand forecasting. | **L2, CO2,2M** |
|  | Define demand function and write mathematical formula of demand function. | **L1, CO1,2M** |
| **Descriptive Questions (Long)** | | |
|  | Define Managerial Economics. Explain its nature and scope. | **L1, CO1,12M** |
|  | Define law of demand with its exceptions. | **L1, CO1,12M** |
|  | What is managerial economics? Explain the importance of managerial economics in business scenario. | **L1, CO1,12M** |
|  | What is meant by elasticity of demand and types of elasticity of demand? | **L1, CO1,12M** |
|  | Write a short notes on a. Measurements of elasticity of demand.  b. Significance of elasticity of demand. | **L1, CO1,12M** |
|  | What is the need for demand forecasting? Explain the factors governing Demand forecasting. | **L2, CO2,12M** |
|  | What do you understand by demand forecasting? Explain different methods of Demand forecasting. | **L2, CO2,12M** |
|  | Define demand function and explain the determinants of demand. | **L1, CO1,12M** |

**UNIT –II**

|  |  |  |
| --- | --- | --- |
| **S.No.** | **Question** | **[BT Level] [CO] [ Marks]** |
| **2 Marks Questions (Short)** | | |
|  | Define production function and write formula for production function. | **L1, CO3,2M** |
|  | Explain cobb – Douglas production function. | **L2, CO3,2M** |
|  | Explain MRTS. | **L2, CO3,2M** |
|  | What is the meaning of laws of returns? | **L1, CO3,2M** |
|  | What is the meaning of contribution? | **L1, CO3,2M** |
|  | What is margin of safety? | **L1, CO3,2M** |
|  | Explain about fixed cost and variable cost. | **L2, CO3,2M** |
|  | Explain about BEA point. | **L2, CO3,2M** |
| **Descriptive Questions (Long)** | | |
|  | A company makes a single product with a sales price of Rs.10 and a variable cost of Rs.6 per unit. Fixed costs are Rs.60000. calculate,  a) Break-even units  b) break-even sales  c) Sales to get profit of Rs.10000.  d).P/V ratio. | **L3, CO3,12M** |
|  | Define production function. Explain Iso-costs and Iso-quants. | **L1, CO3,12M** |
|  | Explain the law of returns with diagram. | **L2, CO3,12M** |
|  | Explain the various internal & eternal economies of scale. | **L2, CO3,12M** |
|  | Explain the breakeven point and its importance, assumptions and limitations? | **L2, CO3,12M** |
|  | Sriram enterprise deals in the supply of H/W parts of computer. The following is available for 2 successive periods.   |  |  |  | | --- | --- | --- | | Particulars | Period 1 | Period 2 | | Sales | 50,000 | 1,20,000 | | Fixed cost | 10.000 | 20,000 | | Variable Cost | 30,000 | 60,000 |   Determine a) Breakeven point b) Margin of Safety | **L3, CO3,12M** |
|  | What is meant by cost? Explain in detail about various cost concepts. | **L1, CO3,12M** |
|  | Explain about short term and long-term production function. | **L2, CO3,12M** |

**UNIT –III**

|  |  |  |
| --- | --- | --- |
| **S.No.** | **Question** | **[BT Level] [CO] [ Marks]** |
| **2 Marks Questions (Short)** | | |
|  | Define market? | **L1, CO4,2M** |
|  | Explain about price skimming method. | **L2, CO4,2M** |
|  | Explain about price penetration method. | **L2, CO4,2M** |
|  | Define sole trader. Write any 2 features of sole trading organization. | **L1, CO4,2M** |
|  | What do you mean by partnership deed? | **L1, CO4,2M** |
|  | What are documents required to formation of Joint Stock Company? Explain about MOA and AOA. | **L2, CO4,2M** |
|  | What is meant by departmental undertaking? Explain few features. | **L1, CO4,2M** |
|  | What do you mean by public corporation? Explain its features. | **L1, CO4,2M** |
| **Descriptive Questions (Long)** | | |
|  | Explain features of Monopoly competition. How price- output is determined. | **L2, CO4,12M** |
|  | Explain features of perfect competition. How price- output is determined. | **L2, CO4,12M** |
|  | Explain features of oligopoly markets. How price and output is determined. | **L2, CO4,12M** |
|  | Explain features of monopolistic competition. How price and out-put is determined. | **L2, CO4,12M** |
|  | Explain various pricing methods followed by business organization. | **L2, CO4,12M** |
|  | Explain the features of sole trade organization. Discuss the merits and demerits of sole trade form of organization. | **L2, CO4,12M** |
|  | Explain the features, merits and limitations of Joint Stock Company. | **L2, CO4,12M** |
|  | Explain features of partnership with its merits and demerits. | **L2, CO4,12M** |
|  | Explain features of public sector enterprises with its merits and demerits | **L2, CO4,12M** |

**UNIT – IV**

|  |  |  |
| --- | --- | --- |
| **S.No.** | **Question** | **[BT Level] [CO] [ Marks]** |
| **2 Marks Questions (Short)** | | |
|  | what is capital? Explain about types of capital. | **L1, CO5,2M** |
|  | Define current assets. | **L1, CO5,2M** |
|  | Define debentures. | **L1, CO5,2M** |
|  | What is meant by equity share? | **L1, CO5,2M** |
|  | What is trade credit? | **L1, CO5,2M** |
|  | What are the steps involved in capital budgeting process? | **L1, CO5,2M** |
|  | What is PV factor? | **L1, CO5,2M** |
|  | What is payback period method? | **L1, CO5,2M** |
| **Descriptive Questions (Long)** | | |
|  | What is working capital? Explain the factors governing working capital requirements. | **L1, CO5,12M** |
|  | Explain the different sources of capital available for organizations. | **L2, CO5,12M** |
|  | A company is considering two investment t opportunities A and B that cost Rs.4,00,000 and Rs.3,00,000 respectively. The first project generates Rs.1,00,000 a year for 4 years. The second generates Rs.6,00,000, Rs.1,00,000, Rs.80,000, Rs.90,000 and Rs.70,000 over a five years period. The company’s cost of capital is 8%. Which project would you choose under NPV method. | **L3, CO5,12M** |
|  | Explain different methods of capital budgeting with its advantages & disadvantages. | **L2, CO5,12M** |
|  | Explain the concept of Capital Budgeting decisions. | **L2, CO5,12M** |
|  | Coastal software Ltd.is proposing to mechanize their operations Two proposals M and N in form of quotations have been received from two different vendors. The proposal in each case costs Rs.5, 00,000. A discount factor of 12% is used to compare the proposals. CFAT are likely to be as under:     |  |  |  | | --- | --- | --- | | YEAR | Proposal M (Rs) | Proposal N (Rs) | | 1 | 1,50,000 | 50,000 | | 2 | 2,00,000 | 1,50,000 | | 3 | 2,50,000 | 2,00,000 | | 4 | 1,50,000 | 3,00,000 | | 5 | 1,00,000 | 2,00,000 |   Which one do you recommend under:  a) Payback period method.  b) Average rate of return method.  c) Net present value method.  d) Profitability index method. | **L3, CO5,12M** |
|  | A firm has an investment opportunity involving Rs 50,000. The cost of capital is 10% from the details given below find out Internal rate of return method and recommend the project acceptability.   |  |  | | --- | --- | | Years | Cash inflows (Rs) | | 1 | 5,000 | | 2 | 10,000 | | 3 | 15,000 | | 4 | 25,000 | | 5 | 30,000 | | **L3, CO5,12M** |

**UNIT – V**

|  |  |  |
| --- | --- | --- |
| **S.No.** | **Question** | **[BT Level] [CO] [ Marks]** |
| **2 Marks Questions (Short)** | | |
|  | Define accounting. | **L1, CO6,2M** |
|  | Define accounting cycle. | **L1, CO6,2M** |
|  | What is journal? Draw a proforma for journal. | **L1, CO6,2M** |
|  | What is ledger? Draw a proforma for ledger. | **L1, CO6,2M** |
|  | What is meant by trial balance? Draw a proforma for ledger. | **L1, CO6,2M** |
|  | Define ratio analysis. | **L1, CO6,2M** |
|  | Define liquidity ratio. | **L1, CO6,2M** |
|  | What is capital expenditure? | **L1, CO6,2M** |
|  | What is journal proper? | **L1, CO6,2M** |
| **Descriptive Questions (Long)** | | |
|  | Define accounting? Explain the accounting concepts and conventions. | **L1, CO6,12M** |
|  | Explain in detail about classification of accounts with their rules. | **L2, CO6,12M** |
|  | Journalize following transactions  1. Ram invests Rs.10, 000 cash.  2. He bought goods worth Rs.2, 000 from hari.  3. He sold goods for cash Rs.3, 000.  4. He paid to Hari Rs.1000.  5. Rent paid Rs.1000.  6. Cash received from Raju Rs. 500 and discount allowed Rs. 100 | **L4, CO6,12M** |
|  | What do you understand by double entry book keeping? What are its advantages? | **L1, CO6,12M** |
|  | Mr. ‘X’ is providing you the list of balances of his business as on 31-12-1998. Prepare final accounts for him.   |  |  |  |  | | --- | --- | --- | --- | | Capital | 50,000 | Office expenses | 6,210 | | Drawings | 7,500 | Buildings | 15,000 | | Purchases | 72,100 | Insurance | 1,500 | | Sales | 95,000 | Discount received | 2,910 | | Purchase returns | 2,700 | Rent & taxes | 10,700 | | Sales returns | 1,300 | Telephone charges | 1,050 | | Debtors | 18,200 | Postage charges | 950 | | Creditors | 35,750 | Furniture | 5,000 | | Stock | 19,800 | Printing & Stationary | 2,750 | | Bad debts | 3,000 | Commission | 8,400 | | Bills receivables | 12,000 | Carriage inwards | 3,200 | | Bills payables | 23,000 | Salaries & wages | 20,000 | | Cash in hand | 800 |  |  |   **Adjustments:**   1. Closing stock 61,700. 2. Depreciation on Furniture 10%, Buildings 20%. 3. Rent outstanding 900. 4. Bad debts 200. 5. Provide 5% for debts.   F 1/4th of salary and wages belong to factory. (3+3+4M) | **L4, CO6,12M** |
|  | From the following information calculate   1. Debt equity ratio (1+4m) 2. Current ratio. (1+4m)  |  |  |  | | --- | --- | --- | | DEBENTURE | Rs.  1,40,000 | Rs.  Bank balance 30,000 | | Long term loans | 70,000 | Sundry debtors 70,000 | | General | 40,000 |  | | Creditors | 66,000 |  | | Bills payable | 14,000 |  | | Share capital | 1,20,000 |  | | **L4, CO6,12M** |
|  | What do you understand about ratio analysis? Explain how it is useful for business decision making and what are its limitations. | **L1, CO6,12M** |
|  | What is meant by ratio analysis? Explain different types of ratios. | **L1, CO6,12M** |
|  | Calculate a) Current ratio b) Quick ratio from the following information. Balance sheet of ABC Co. Ltd. As on 31-12-2008   |  |  |  |  | | --- | --- | --- | --- | | LIABILITIES | AMOUNT  (Rs) | ASSETS | AMOUNT  (Rs) | | Equity share capital | 1,500 | Plant & Machinery | 975 | | Debentures | 400 | Stock | 550 | | Creditors | 200 | Debtors | 550 | | Outstanding expenses | 100 | Cash in hand | 375 | | Profit & loss A/C | 100 | Prepaid expenses | 50 | | Bank loan | 200 |  |  | | Total | 2,500 |  | 2,500 | | **L3, CO6,12M** |

**NARAYANA ENGINEERING COLLEGE NELLORE**

**DEPARTMENT OF EIE**

**III B.TECH (2017-18) I SEM**

**SUB: MEFA**

**Unit-I**

**CHOOSE THE CORRECT ANSWER**

1. Which of the following is true? [ ]

a. Managerial economics deals with issues such as inflation and employment

b. Managerial economics deals with the issues relating to one single individual or firm

c. Managerial economics deals with the issues which are macro nature

d. Managerial economics deals with the issues affect the world economy

2. Managerial economics is a the branch of [ ]

a. Micro economics b. Macro economics

c. Economics d. Ergonomics

3. The statement that contains the word ‘ought to’ is called [ ]

a. prescriptive b. normative c. assertive d. negative.

4. Integration of economic theory with business practice is called. [ ]

a. Managerial economics b. economics c. Macro economics d. Micro economics

5. Economics is the study of scarce resources and unlimited wants who said this?

[ ]

1. Paul A. Samuelson b. Prof. Lionel Robbins c. Adam Smith d. Alfred Marshal
2. Which of the following is a normative statement [ ]

a. Reducing inequality should be a major priority for mixed economies

b. Reducing inequality would be a major priority for mixed economies

c. Reducing inequality could be a major priority for mixed economies

d. Reducing inequality might be a major priority for mixed economies

7. Which of the following is not a problem of business [ ]

a. optimization of inputs b. Minimization of costs

c. Maximization of revenue d. increased property tax collections

8. Economic goods are scarce resources because they. [ ]

a. are limited in supply to satisfy society requirements

b. are limited to man made goods

c. cannot be increased in terms of supply

d are important to satisfy human needs.

9. Which of the following indicates micro approach from national perspective

a. lock out in a factory [ ]

b per capita income of the country

c. total investments in India

d. total employment in the country

10. The pre- requisite for rational decision- making is [ ]

a. logical analysis of one’s choices without error

b. consistency between goals and choices

c. rigidly defined choices

d. choices not involving any trade-offs

11. If the price raises, the demand………… [ ]

a. rises b. falls c. first falls and then rises d. first rises and then falls.

12. The demand is said to be relatively inelastic when the change in demand

Is …….the change in the price. [ ]

a. more than b. less than c. equal to d. not related.

13. If the income elasticity is positive and greater than one it is

1. Necessity b. Inferior good c. Normal good d. Superior good [ ]

14. Which of the following refers to quantity demanded in response to given change in price? [ ]

a. price elasticity b. cross elasticity c. income elasticity d. advertising elasticity

15. If the price of Colgate tooth paste decreases relative to the price of Close-Up, the

demand for …………. [ ]

a. Close-Up decrease b. Close-Up increases

c. demand for Close Up is not affected d. demand for Colgate increases.

16. Demand for petrol is [ ]

a. elastic b. inelastic c. perfectly elastic d. perfectly inelastic

17. Price elasticity is always [ ]

a. positive b. negative c. consistent d. declining

18. Which of the following categories is the income elasticity of demand negative ? [ ]

a. inferior goods b. luxury goods c. medium goods d. necessities

19. Forecasting at \_\_\_\_\_ level means estimating the demand for the products and services

offered by a single firm [ ]

a. industry b. firm c. national d. global

20. Demand forecasting is not governed by [ ]

a. forecasting level b. degree of orientation c. degree of competition d. market support

**UNIT – II**

**CHOOSE THE CORRECT ANSWER**

1. The law of returns is also called…………….. [ ]

a. law of fixed proportions b. law of variable proportions

c. law of constant returns d. law of increasing returns.

2. Production function is also called……. ………. [ ]

a. output-costs relationship b. inputs-costs relationship

c. input-output relationship d. output-input relationship

3. IsoQuants are also called……………….. [ ]

a. isoproduct curves b. isocost curves

c. price indifference curve d. indifference curve

4. The costs of the next best alternative forgone is known as ……… [ ]

a. implicit cost b. sunk cost c. opportunity cost d. controllable cost

5. The difference between the total revenue and total cost is called….. [ ]

a. cost of production b. cost of capital c. profit d. cost

6. Which of the following is defined at a given stage of technical knowledge?

[ ]

1. theory of production b. production function c. law of diminishing returns

d. law of constant returns

7. How many stages are there in the law of returns to scale ? [ ]

a. one b. three c. four d. five

8. The transformation of physical inputs into outputs is known as [ ]

a. production b.supply c. demand d.cost

9. Which of the following varies with the volume of production [ ]

a. Fixed cost b. Variable cost c. Semi fixed cost d. Semi variable cost

10. In cobb-douglas production function ‘k’ refers to [ ]

a. land b. labour c. capital d. organization

11. Production function is not a factor of [ ]

a. land b. labour c. cost of capital d. organization

12. The producer has to manufacture product at……………………..

a. Higher cost to attain profit b. lower cost to attain profit c. netural cost to attain profit

d. marginally cost to attain profit. [ ]

13. Which of the following refers to the returns enjoyed by the firm as a result of change in all the inputs [ ]

a. returns to business b. returns to scale c. increasing returns to scale

d. decreasing returns to scale

14. which of the following refers to the short run relationship of input and output [ ]

a. productivity b.factor of productivity

c.returns to scale d. Labour productivity

15. The total physical product increases along with a [ ]

A. decrease in the input b. increase in the input c. constant in the input d. none

16. The economies in the production costs which accrue to the firm alone when it expands its

Output is called [ ]

a. external economics b internal economics

c diseconomies d marginal economics

17. Which of the following benefits all the firms in the industry as the industry expands [ ] a. Internal economics b.external economics c. deferring economics d. consent economics

18. Which of the following are mostly marginal in nature [ ]

a. Economics b. diseconomies c. costs d. expenses

19. To overcome the problem of diseconomies, modern organization have started [ ] a. Horizontal structure b. Vertical structure

c. grape vine structure d. flat and lean structure

20. External economies can’t be of this type [ ]

a. economies of concentration b. economies of R&D

c. economies of welfare d. economies of health

**UNIT – III**

**CHOOSE THE CORRECT ANSWER**

1. Based on which of the following the market can be divided into perfect competition and imperfect competition [ ]

a. degree of concentration b. degree of differentiation

c. degree of condition d. degree of competition

2. Price in the long run is called [ ]

a. Standard price b. Retail price c. Market price d. Normal price

3. Which of the following is said to be existing, when a large number of sellers produce differentiated products ? [ ]

a. perfect competition b. oligopoly

c. monopoly d. monopolistic competition

4. Based on the number of buyers, imperfect markets, markets can be classified as

[ ]

a. monopoly b. duopoly c. oligopoly d. monopolistic competition

5. A monopolist can control either price or…….. but not two [ ]

a. cost b. output c. input d. profit

6. which of the following refers to the practice of selling the same product at different price to different buyers? [ ]

a. product differentiation b. price in differentiation

c. price discrimination d. product discrimination

7 The nature of demand curve in monopoly is [ ]

a. perfect elastic b. unit elasticity c. Inelastic d. none of the above.

8. In a perfect competition, the firm’s demand curve is also known as [ ]

a. average price curve b. marginal cost curve c. average cost curve

d. average revenue curve

9. Under perfect competition, the price is equal to [ ]

a. AR=MR b. AR>MR c. MR>AR d. MR not equal to AR

10. If the \_\_\_\_\_\_\_\_\_\_\_ is the degree of product differentiation, the more is the power

to control the price. [ ]

a. lower b. lesser c. greater d. least

11. The relationship between two or more persons who are agree to share the profits of the business carried on by all or any one of them acting for all is called. [ ]

a. Sole trading b. partnership c. joint venture Company d. a and b

12. The written agreement among the partners is called

a. trading deed b. demand draft c. partnership deed d. bill of exchange. [ ]

13. To start a partnership firm a minimum of ------and maximum of….is required to carry on non-banking business . [ ]

a. 2 and 10 b. 7 and unlimited c. 2 and 50 d. 2 and 20

14. The maximum number of members of a public company is……… [ ]

a. 7 b.10 c.50 d. unlimited

15. Shares of ………companies are freely transferable [ ]

a. public b. private c. government d. foreign

16. which of the following is not a public enterprise? [ ] a. Govt company b. public corporation c. departmental undertaking d. public limited company

17. A partner who lends his name to the firm without having any real interest is called as

a. Ostensible partner b. Sleeping partner or dormant partner [ ] c. Nominal partner d. Partner by Estoppel

18. The Indian partnership Act was enacted in [ ]

a. 1932 b. 1942 c. 1952 d. 1962

19. The minimum paid up capital in apublic limited company is [ ]

a. 2 lakhs and higher b.10 lakhs and higher

c. 24 lakhs and higher d.5 lakhs and higher

20. Which of the following integrates economy with the world economy? [ ] a. Privatization b. Liberalization c. Globalization d. Stabilization

**UNIT – 1V**

**CHOOSE THE CORRECT ANSWER**

. 1. working capitals the excess of……over current liability [ ]

a. current assets b. fixed assets c. fictitious assets d. both a & b

2. ------is concerned with making long term investment decision [ ]

a. capital budgeting b. working capital management

c. working capital style d. both a and b

3.. ------represents number years required to recover the original investment [ ]

a. IRR method b. pay back period method c. NPV method d. ARR method

4. The value of the money is taken into consideration under---method [ ]

a. IRR method b. pay back period method c. NPV method d. ARR method

5. Positive values are ----- in NPV method [ ]

a. rejected b. accepted c. both (a) and (b) d. both (a) or (b)

6. Which of the following is not a type of fixed asset? [ ] a. Intangible fixed assets b. Tangible fixed assets c.Operational fixed assets d. Financial fixed assets

7. The flow of money in the business is called [ ]

a. capital formation b. cost cycle c. working capital cycle d. capital cycle

8. A debenture holder is a [ ]

a. Creditor to the company b. Debtor to the company

c. Proprietor to the company d. Shareholder to the company

9. Current liabilities include all of these except [ ] a. Creditors B bank loan

c. Bills Payable d. Prepaid expenses

10. The shares of the existing companies are bought and sold in [ ] a. Capital markets b. Primary market

c. Secondary Market d. Bond market

11. which of the following is created over a period of time through abstinence to spend [ ]

a. profit b. wealth

c. cash d. contribution

12. The aggregate of funds used in the short run and long run is called [ ]

a. profit b. cash c. capital d. titles

13. Capital is the value of total assets available with business, according to the view

Expressed by [ ]

a. accountant b manager. c. economist d. physicist

14. Which of the following sees the capital as the difference between the assets and liabilities [ ]

a. Manager b. accountant

c. economist d. none

15. Capital creates and enhances the level of [ ]

a. capital gains b. wealth management

c. employment opportunities d. current expenses

16. Capital can be used for all the following purposes expect [ ]

a. to expand and diversify b. to value the assets

c. to winding up d. to meet contingencies

17. The portion of capital which is invested in acquiring long term assets is called [ ]

a) Work in capital b. working capital

c fixed capital d. none

18. These are the features of fixed assets expect profit generation [ ]

a. high liquidity b. permanent in nature

c. amount of fixed capital d. low liquidity

19. Which of the following provides the basic assets as per the business needs [ ]

a. working capital b. fixed assets c. fixed capital d. financial fixed assets

20 which of the following is a type of fixed asset ?

A bill payable b. tangible fixed assets [ ]

c. fixed capital d. bill recevable

**UNIT – V**

1. Point out the correct equation [ ]

a. assets=liabilities – capital b. assets = liabilities + capital

c. liabilities = assets + capital d. capital = assets +liabilities

2. Wages related to account ---------------- [ ]

a. personal account b. real account

c. nominal account d. impersonal account

3. Assets related to ------------ account [ ]

a. personal b. real c. nominal d. impersonal

4. the rent paid in cash to land lord is credited to [ ]

a. land lord account b. business account

c. cash account d. rent account

5. ‘Debit the receiver and credit the giver’ is the rule of------------- [ ]

a. personal account b. real account

c. nominal account d. impersonal account

6. Managers use accounting information to report to [ ]

a. Employees b. CFO c.CEO d. Owners or Shareholders

7. The process of using accounting data for the purpose of addressing the managerial

problems is called [ ]

a. Cost accounting b. Management Accounting

c. Financial Accounting d. Marginal Accounting

8. goods are money used for personal purpose is an example for [ ]

a. net sales b. net purchases

c. drawings d. capital

9. The trading and profit&loss account is also called as……………… [ ]

a. Account statement b. Income statement

c. Balance statement d. Cost statement

10. Financial accounts comprises [ ]

a. Ledger ,Trial balance b. Trading ,Profit account

c. Profit & loss account d. Trading ,profit &loss account & Balancesheet

11. Liquid assets = --------- [ ]

a. current assets + stock b. current assets – stock

c. current assets – prepaid expenses + stock d. current assets – current liabilities

12. Cost of goods sold = --------- [ ]

a. sales – gross profit b. sales – net profit c. sales proceeds d. loss profit

13. current assets/current liabilities = --------- [ ]

a. current ratio b. quick ratio c. debtors turnover ratio d. EPS

14. Long term loans/share holders funds =------- [ ]

a. current ratio b. quick ratio c. debtors turnover ratio

d. debt-equity ratio

15. Net profit before interest and taxes/fixes interest charges = ------ [ ]

a. interest coverage ratio b. quick ratio c. debtors turnover ratio

d. debt-equity ratio

16. Which would a business be most likely to use its solvency [ ]

a. Gross profit ratio b. Debtors collection period

c. Current ratio d. Debt-equity ratio

17. purchase of stock for cash [ ]

a) decreasing total ass b. increasing total assets

c) no change in assets d. increases total liabilities

18. which of the following is not a subset of accounting [ ]

a. Book keeping b. financial accounting

c. cost accounting d. management accounting

19. A company’s return on investment indicates its [ ]

a. Solvency b. Stock turnover c. Profitability d. Debtor Collection

20. Which of the following is useful to see if fixed assets are used efficiently in the business?

a. Gross profit ratio b. debtors collection period [ ]

c. Current ratio d. Asset turnover ratio

**NARAYANA ENGINEERING COLLEGE: GUDUR**

**DEPARTMENT OF CSE/EEE/CIVIL/IT/MECH**

**III B.TECH (2014-15) I SEM**

**SUB: MEFA**

**OBJECTIVE KEY**

**UNIT - I**

**Answers**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **1** | **B** | **6** | **A** | **11** | **B** | **16** | **B** |
| **2** | **C** | **7** | **D** | **12** | **B** | **17** | **B** |
| **3** | **B** | **8** | **A** | **13** | **D** | **18** | **A** |
| **4** | **A** | **9** | **A** | **14** | **A** | **19** | **B** |
| **5** | **B** | **10** | **B** | **15** | **A** | **20** | **D** |

**UNIT - 2**

**Answers**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **1** | **B** | **6** | **B** | **11** | **C** | **16** | **B** |
| **2** | **C** | **7** | **B** | **12** | **B** | **17** | **B** |
| **3** | **A** | **8** | **A** | **13** | **B** | **18** | **B** |
| **4** | **C** | **9** | **B** | **14** | **B** | **19** | **D** |
| **5** | **C** | **10** | **C** | **15** | **B** | **20** | **D** |

**UNIT - 3**

**Answers**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **1** | **D** | **6** | **C** | **11** | **B** | **16** | **D** |
| **2** | **D** | **7** | **C** | **12** | **C** | **17** | **C** |
| **3** | **D** | **8** | **D** | **13** | **D** | **18** | **A** |
| **4** | **C** | **9** | **A** | **14** | **D** | **19** | **D** |
| **5** | **B** | **10** | **C** | **15** | **A** | **20** | **C** |

**UNIT - 4**

**Answers**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **1** | **A** | **6** | **d** | **11** | **B** | **16** | **B** |
| **2** | **A** | **7** | **C** | **12** | **C** | **17** | **C** |
| **3** | **B** | **8** | **A** | **13** | **C** | **18** | **B** |
| **4** | **C** | **9** | **D** | **14** | **B** | **19** | **C** |
| **5** | **b** | **10** | **C** | **15** | **C** | **20** | **C** |

**UNIT - 5**

**Answers**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **1** | **B** | **6** | **b** | **11** | **C** | **16** | **D** |
| **2** | **C** | **7** | **b** | **12** | **A** | **17** | **B** |
| **3** | **B** | **8** | **C** | **13** | **A** | **18** | **A** |
| **4** | **C** | **9** | **B** | **14** | **D** | **19** | **B** |
| **5** | **A** | **10** | **D** | **15** | **A** | **20** | **D** |