

QUIZ

1. Exchange value of a unit of good expressed in terms of money is called ()
(a) Cost (b) Capital
(c) Price (d) Expenditure
2. The price of a product is determined by the _____ of that product ()
(a) Place and time (b) Production and sales
(c) Demand and supply (d) Cost and income
3. The price at which demand and supply of a commodity equal is Known as ()
(a) High price (b) Low price
(c) Equilibrium price (d) Marginal price
4. A market where large number of buyers and sellers dealing in Homogeneous product with perfect knowledge is called ()
(a) Imperfect competition (b) Monopoly
(c) Perfect competition (d) Monopolistic competition
5. In which market, single market price prevails for the commodity ()
(a) Monopoly market (b) Oligopoly market
(c) Perfect competition market (d) Duopoly market
6. The Price determined in the very short period is known as _____. ()
(a) Secular price (b) Normal price
(c) Market price (d) Short run price
7. In which period, the supply of commodity is fixed ()
(a) Short period (b) Long period
(c) Very short period (d) Very long period
8. Charging very high price in the beginning and reducing it gradually is called ()
(a) Differential pricing (b) Sealed bid pricing
(c) Skimming pricing (d) Penetration pricing
9. If monopoly arises on account of legal support or as a matter of legal Privilege, it is called as ()
(a) Private monopoly (b) Government monopoly
(c) Legal monopoly (d) Single price monopoly
10. Under which pricing method, price just equals the total cost ()
(a) Marginal cost pricing (b) Cost plus pricing
(c) Full cost pricing (d) Going rate pricing
11. _____ is a place in which goods and services are bought and sold. ()
(a) Factory (b) Workshop

(c) Market

(d) Warehouse

12. _____ is the example for perishable goods. ()
(a) Pens (b) Belts
(c) Vegetables (d) Cloths
13. _____ is a form of market organization in which
There is only one seller of the commodity. ()
(a) Perfect Competition (b) Duopoly
(c) Monopoly (d) Oligopoly
14. If average Revenue is greater than the Average cost, monopolist
Earns _____. ()
(a) Loss (b) No loss No profit
(c) Profit (d) None
15. The firm is said to be in equilibrium, when it's Marginal Cost (MC)
Equals to _____. ()
(a) Total cost (b) Total revenue
(c) Marginal Revenue (d) Average Revenue
16. _____ is a position where the firm has no incentive either
to expand or contract its output. ()
(a) Maximum output (b) Minimum output
(c) Equilibrium (d) None
17. Marginal revenue, Average revenue and Demand are the same
in _____ Market Environment ()
(a) Monopoly (b) Duopoly
(c) Perfect Competition (d) Imperfect Competition
18. _____ is a period in which supply can be increased by altering
the Variable factors and fixed costs will remain constant. ()
(a) Long – run (b) Mid – term
(c) Short – run (d) Market period
19. The total supply of a good is produced by a single private person or
Firm is called as _____. ()
(a) Government Monopoly (b) Legal Monopoly
(c) Private Monopoly (d) Natural Monopoly
20. In perfect competition market, seller is the _____. ()
(a) Price – Maker (b) Price changer
(c) Price – Taker (d) Price Dictator
21. Charging Very Low price in the beginning and increasing it gradually
is called _____. ()
(a) Differential pricing (b) Sealed bid Pricing
(c) Penetration Pricing (d) Skimming Pricing

22. If Average Revenue is less than the Average Cost, Monopoly secures _____. ()
 (a) Profits (b) Abnormal Profits
 (c) Losses (d) Super Profits
23. In Monopoly market environment, seller is the _____. ()
 (a) Price - Taker (b) Price - Acceptor
 (c) Price - Maker (d) None
1. Financing decision refers as _____. ()
 (a) Investment decision (b) Utilization of funds
 (c) Acquisition of funds (d) Dividend policy decision
2. Excess of current assets over current liabilities is known as _____. ()
 (a) Long run capital (b) Fixed capital
 (c) Net working capital (d) Net worth
3. Long term investment of funds is called _____. ()
 (a) Working capital (b) Revolving capital
 (c) Capital budgeting (d) Operational capital
4. A rate at which N.P.V = 0, then the rate is called _____. ()
 (a) Minimum Rate of Return (b) Required Rate of Return
 (c) Internal Rate of Return (d) Average Rate of Return
5. _____ is the life blood of the business. ()
 (a) Price (b) Cost
 (c) Finance (d) Production
6. Which method takes into consideration "The Time Value of Money"? ()
 (a) Traditional Method (b) Pay Back Period Method
 (c) Discounted Cash Flow Method (d) Average Rate of Return Method
7. Under Capital budgeting, only _____ Proposals are considered ()
 (a) Very short-term (b) Short-term
 (c) Long-term (d) Mid-term
8. The investment in short-term assets is known as _____. ()
 (a) Capital Budgeting (b) Fixed Investment
 (c) Working capital management (d) Fixed capital management
9. Which assets yield a return over a period of time in future? ()
 (a) Short-term assets (b) Current assets
 (c) Long-term assets (d) Fictitious assets
10. The process of evaluating the relative worth of long-term investment Proposals are called _____. ()

- (a) Working capital management (b) Current liabilities management
(c) Capital Budgeting (d) Current assets management
11. What is the formula of Net Present Value (NPV)? ()
 (a) $\frac{\text{Present value of cash inflow}}{\text{Present value of cash outflow}}$ (b) $\frac{\text{Original cost of the project}}{\text{Avg. annual earnings}}$
 (c) Present value of cash inflow – Present value of cash outflow
 (d) $\frac{\text{Avg. Investment}}{\text{Avg. earnings}}$
12. What is the formula for profitability index? ()
 (a) Present value of cash inflow – Present value of cash outflow
 (b) $\frac{\text{Original cost of the project}}{\text{Avg. annual earnings}}$ (c) $\frac{\text{Present value of cash inflow}}{\text{Present value of cash outflow}}$
 (d) $\frac{\text{Avg. Investment}}{\text{Avg. earnings}}$
13. What is the current asset from the following? ()
 (a) Creditors (b) Bills payable
 (c) Debtors (d) Bank over draft
14. What is the formula for Pay Back period? ()
 (a) $\frac{\text{Avg. Investment}}{\text{Avg. earnings}}$ (b) $\frac{\text{Annual earnings}}{\text{Cost of the product}}$
 (c) $\frac{\text{Cost of the project}}{\text{Annual earnings}}$ (d) $\frac{\text{Cash inflow}}{\text{Cash outflow}}$
15. _____ decision relates to the selection of assets in which funds will be invested by a firm. ()
 (a) Finance (b) Dividend
 (c) Investment (d) None
16. _____ method is one of the traditional methods. ()
 (a) Net present value (b) Profitability index
 (c) Pay back period (d) internal rate of return
17. Funds needed for short-term purpose is known as _____. ()
 (a) Fixed capital management (b) Capital Budgeting
 (c) Working capital management (d) Long-term capital management
18. What is the formula for Average Rate of Return (ARR)? ()
 (a) $\frac{\text{Cost of the project}}{\text{Avg. earnings}}$ (b) $\frac{\text{Present value of cash inflow}}{\text{Present value of cash outflow}}$
 (c) $\frac{\text{Avg. earnings}}{\text{Avg. investment}}$ (d) $\frac{\text{Avg. investment}}{\text{Avg. earnings}}$
19. What is the current Liability from the following? ()
 (a) Bills Receivable (b) Closing stock
 (c) Bills payable (d) Cash in hand
20. The Pay Back Period also called as _____. ()

- (a) Current Period (b) Pay reserve method
(c) Pay off Period (d) None
21. _____ holders have preference over dividends. ()
(a) Equity share (b) Debenture
(c) Preference share (d) Ordinary share
22. _____ holders are the real owners of the company. ()
(a) Debenture (b) Preference share
(c) Equity share (d) Liability
23. Interest is paid on loan and dividend is paid for _____. ()
(a) Debenture (b) Public deposits
(c) Shares (d) Securities
24. _____ are deducted from Current Assets, while calculating Working Capital. ()
(a) Fixed Assets (b) Fixed Liabilities
(c) Current Liabilities (d) Fictitious Assets
1. A company's 'return on investment' indicates its _____. ()
(a) Solvency (b) Stock turnover
(c) Profitability (d) Debtors collection
2. Which would a business be most likely to use its 'solvency' ()
(a) Gross profit ratio (b) Debtors collection period
(c) Debt – Equity ratio (d) Current ratio
3. Higher 'Assets turnover ratio' explains _____. ()
(a) More profitability (b) Higher sales turnover
(c) Better utilization of assets (d) large liability base
4. Which of the following measures company's liquidity position ()
(a) Stock Turnover ratio (b) Debtor's collection period
(c) Current ratio (d) Net profit ratio
5. The difference between current assets and current liabilities is called _____. ()
(a) Cost of goods sold (b) Outsiders funds
(c) Working capital (d) Shareholders funds
6. Debtor's is a current asset, where as creditor's is _____. ()
(a) Fixed Asset (b) Fixed Liability
(c) Current Liability (d) Long-term Liability
7. What is the Desirable current Ratio _____? ()
(a) 1:2 (b) 3:2 (c) 2:1 (d) 1:1
8. Long-term stability of an enterprise indicates by _____ ratios. ()
(a) Liquidity (b) Profitability
(c) Solvency (d) Turnover
9. The Liquidity ratios assess the capacity of the company to repay

- Its _____ Liability. ()
- (a) Long-term (b) Profitability
(c) Solvency (d) Turnover
10. In which Book-keeping system, business transactions are recorded as two separate accounts at the same time? ()
- (a) Single entry (b) Triple entry
(c) Double entry (d) None
11. In which Concept "Business is treated separate from the Proprietor? ()
- (a) Cost concept (b) Dual aspect concept
(c) Business entity concept (d) Matching concept
12. When a deduction allowed from the gross or catalogue price to traders; then it is called as _____. ()
- (a) Cash discount (b) Credit discount
(c) Trade discount (d) None
13. "Out standing wages" is treated as _____. ()
- (a) Asset (b) Expense
(c) Liability (d) Income
14. How many types of accounts are maintained to record all types of business transactions? ()
- (a) Five (b) four
(c) Three (d) Two
15. Which connects the link between Journal and Trial Balance? ()
- (a) Trading Account (b) Profit & Loss account
(c) Ledger (d) Balance sheet
16. Which assets can be converted into cash in short period? ()
- (a) Fixed Assets (b) Intangible Assets
(c) Current Assets (d) Fictitious Assets
17. "Bank over draft" is a _____. ()
- (a) Asset (b) Expense
(c) Liability (d) Income
18. Profit and Loss account is prepared to find out the business _____. ()
- (a) Gross result (b) Financial position
(c) Net result (d) Liquidity position
19. The statement of "Debit and credit balances of Ledger accounts" is called as _____. ()
- (a) Journal (b) Ledger
(c) Trial balance (d) Balance sheet
20. _____ is a person who owes money to the firm. ()
- (a) Creditor (b) Owner
(c) Debtor (d) Share holder
21. The statement reveals the financial positions of a business at any given

- date is called _____. ()
- (a) Trading account (b) Profit and loss account
(c) Balance sheet (d) Trial balance
22. _____ is called as 'Book of Original Entry'. ()
- (a) Ledger (b) Trial Balance
(c) Journal (d) Trading account
23. Debit what comes in; Credit what goes out is _____ account principle? ()
- (a) Nominal (b) Personal
(c) Real (d) None
24. The process of entering transactions in to Ledger accounts known as _____. ()
- (a) Journal entry (b) First entry
(c) Posting (d) None
25. Debit Expenses and Losses; Credit Incomes and Gains is _____ account Principle ()
- (a) Personal (b) Real
(c) Nominal (d) None
26. "Prepaid Insurance Premium" is treated as _____. ()
- (a) Gain (b) Income
(c) Asset (d) Liability
27. Acid Test Ratio is also called as _____. ()
- (a) Current Ratio (b) Absolute Liquid Ratio
(c) Quick Ratio (d) Debt-Equity Ratio
28. The relationship between two numerical values is called as _____. ()
- (a) Account (b) Ledger
(c) Ratio (d) Discount
29. "Gross Profit" can be found out by preparing _____. ()
- (a) Profit and Loss account (b) Balance sheet
(c) Trading account (d) Trial balance
30. "Net Profit" can be found out by preparing _____. ()
- (a) Trading account (b) Trial balance
(c) Profit and Loss account (d) Balance sheet

Note: Answer is "C" for all the above questions.