

B.Com 3rd Year

Semester (VI)th

MANAGEMENT ACCOUNTING II

- Financial statement analysis
- Ratio analysis
- Working capital management
- Capital budget
- Responsibility accounting

A) Financial statement analysis

1) The financial statement include:

- A) Balance Sheet B) P&L Statement C) Cash Flow Statement **D) All of The Above**

2) Which of the following ratio is mixed ratio:

- A) Current Ratio B) Debt to Equity Ratio C) Gross Profit Ratio **D) Debtors Turnover Ratio**

3) Gross working capital refers to:

- A) Net Current Assets **B) Total Current Assets** C) Total Assets D) Ideal Quick Ratios

4) Ideal quick ratios

- A) 2:1 B) 1:2 C) 1:1 D) both A & B

5) Which of the following is must ideal

- A) Stock B) Goodwill C) Machine **D) Cash at Bank**

6) Deferred revenue expenditure shown in the balance sheet

- A) Intangible Asset **B) Factious Assets** C) Circulatory Assets D) Operating Assets

7) Balance Sheet refers the financial position of the firm:

- A) At a Point Of Time** B) During the Period of the Time
C) For a Certain Period D) For Uncertain Period

8) Net profit ratio is the ratio obtained from the figures given in the

- A) Trading A/C B) P&L A/C **C) Trading and P&L A/C** D) P&L A/C and B/S

9) Which of the financial report shows the profitability of a business

- A) Income Statement** B) Balance Sheet C) Cash Flow Statement D) Statement of Changes of W.C.

10) The important objective of financial analysis if is

- A) To Determine the Liquidity B) To Determine Operating Efficiency & Profitability
B) To Compare Intra-Firm Position **D) All of The Above**

11) Financial analysis can be used for

- A) Securities Analysis B) Credit Analysis C) Dividend Decision **D) All of These**

12) Which of the following is true about financial statements?

- A) Financial Statement Gives a Summary of A/C's B) Financial Statement Can Be Stated As Recorded Facts.
C) Both A&B D) None of The Above

13) Balance Sheet shows-

- A) Current Assets B) Fixed Assets C) Current Liabilities **D) All of These**

14) When concept of ratio is defined in respected in the items shown in the financial statement, it is term as –

- A) Accounting Ratio** B) Financial Ratio C) Cost Ratio D) None of These

15) Liquidity ratio are expressed in –

- A) Pure Ratio Form** B) Percentage C) Rate of Time D) None of These

16) Given sales is Rs. 1,20,000 & gross profit is Rs. 30,000. The gross profit ratio is –

- A) 24% **B) 25%** C) 40% D) 44%

17) Gross profit ratio = $\frac{\text{gross profit}}{\text{-----}} \times 100$

- A) Purchase **B) Sales** C) Net Profit D) None Of These

18) If selling price is fixed 25% above the cost the gross profit ratio is –

- A) 13% B) 28% C) 26% **D) 20%.**

19) Overall profitability ratios are based on

- A) Investment** B) Sales C) Both A & B D) None of These

20) Stock is a –

- A) Fixed Assets **B) Current Assets** C) Liquid Asset D) None of These

21) The ideal level of liquid ratio is –

- A) 2:1 B) 1:2 C) 3:2 **D) 1:1**

22) Net profit ratio = $\frac{\text{net profit}}{\text{-----}} \times 100$

- Only Credit Sales B) Only Cash Sales **C) Net Sales** D) None of The Above

23) Net profit ratio is 20% & net sales is Rs. 5,00,000 then net profit is –

- A) 25,000 **B) 20,000** C) 30,000 D) 40,000

24) Financial analysis is significant for:

- A) Investor B) Bankers & Lenders C) Employees **D) All of The Above**

25) Debt to equity ratio is the test of

- A) Solvency** B) Profitability

26) Gross profit =

- A) Sales – Cost of Goods Sold B) Sales + Cost of Goods Sold
C) Sales X Cost of Goods Sold D) Sales / Cost of Goods Sold

27) Cost of goods sold =

- A) Sales – Gross Profit B) Sales + Gross Profit C) Sales X Gross Profit D) Sales / Gross Profit

28) Sales =

- A) Cost of Goods Sold + Gross Profit B) Cost of Goods Sold X Gross Profit
C) Cost of Goods Sold - Gross Profit D) Cost of Goods Sold / Gross Profit

29) While preparing common given income statement each item of income statement is expressed as % of

- A) Revenue from Operations B) Other Income C) Total Income D) Profit before

30) While preparing common give balance sheet each item of balance sheet is expressed as % of

- A) Total Assets B) Current Assets C) Current Liabilities D) Non-Current Liabilities

31) Under which tool of financial analysis 100% taken as base of all other related figures are express as % of base &

- A) Comparative Statement B) Common Give Statement C) Ratio Analysis D) None of These

32) Which technique of financial analysis shows comparative study of items or components of financial statement for two or more years?

- A) Common Give Statement B) Ratio Analysis C) Comparative Statement D) None of These

33) Which of the following is tool of financial analysis?

- A) Comparative Statement B) Common Give Statement C) Cash Flow Analysis D) All of The Above

34) Financial analysis can be used for:

- A) Securities Analysis B) Credit Analysis C) Dividend Decision D) All of The Above

35) Which analysis is considered as dynamic &

- A) Horizontal Analysis B) Vertical Analysis C) Internal Analysis D) External Analysis

36) The term financial statement covers

- A) P&L A/C B) B/S & P&L A/C C) B/S & P/L Statement. Approx. A/C D) All of These

37) The term current assets doesn't cover

- A) Car B) Debtors C) Stock D) Prepaid Expenses

38) P & L statement is also known as

- A) Statement of Operations B) Statement of Income
B) Statement of Earning D) All of The Above

39) Operating expenses is/are

- A) Administrative Expenses B) Selling & Distribution Exp. **C) A & B Both** D) None of These

40) Cost of goods sold = sales –

- A) Net Profit **B) Gross Profit** C) Purchase D) None of These

41) Direct expenses – closing stock =

- A) Gross Profit B) Net Profit **C) Cost Of Goods Sold** D) None of These

42) Profitability ratio is/ are

- A) Gross Profit Ratio B) Net Profit Ratio C) Operating Ratio **D) All of The Above**

43) Liquidity ratio is /are

- A) Current Ratio B) Liquid Ratio C) Turnover Ratio **D) All of The Above**

44) Current ratio =

- A) C.A – C.L. B) C.L. – C.A. C) C.A. X C.L. **D) C.A. / C.L.**

45) Liquid ratio =

- A) $\frac{\text{current asstes}}{\text{current liabilities}}$ B) $\frac{\text{fixed asstes}}{\text{current asstes}}$ C) $\frac{\text{current liabilities}}{\text{liquid asstes}}$ **D) $\frac{\text{Liquid Assets}}{\text{Liquid Liablities}}$**

46) Liquid ratio = $\frac{\text{liquid or quick assets}}{\text{current liabilities}}$

47) Inventory turnover ratio is known as ----

- A) Debtors Turnover Ratio **B) Stock Turnover Ratio** C) Acid Test Ratio D) None of These

48) Inventory turnover ratio = $\frac{\text{cost of goods sold}}{\text{average inventory}}$

49) Average stock = $\frac{(\text{opening stock} + \text{closing stock})}{2}$

50) Cost of goods sold = sales – gross profit

51) Gross profit = sales – cost of goods sold

52) Sales = cost of goods sold + gross profit

53) Debtors turnover ratio = $\frac{\text{average trader debtors}}{\text{net credit sales}} \times \text{no. of working days}$

54) Trade debtors = debtors + Bills Receivable

55) Payback period = $\frac{\text{cash outflow (investment)}}{\text{annul cash inflow}}$

56) Method of evaluating projects in capital budget

- A) Payback Period Method B) Discounted Cash Inflow C) Net Present Value Method **D) All of The Above**

57) _____ is the risk factor in capital budgetary

- A) Industry Specific Risk Factor B) Competition Risk Factor C) Project Risk Factor **D) All of The Above**

- 58) Ratio analysis is an important _____ of financial analysis
A) Tool B) Element C) Things D) All of The Above
- 59) _____ statement are prepared at the end of financial year
A) Cost **B) Financial** C) Non-Financial D) None of These
- 60) Above budget are most important of _____
A) Control B) Profit Planning C) Coordinating **D) All of The Above**
- 61) Cash sales increases _____
A) Working Capital B) Current Assets C) Fixed Assets D) Fixed Liabilities
- 62) Liquidity ratio measures _____ position of the company
A) Fixed B) Fixed and Current **C) Liquid** D) None of These
- 63) Capital budget is a part of
A) Investment Decision B) Working Cap Management C) Marketing Management D) Capital Structure
- 64) Capital budgetary deals with
A) Short Term Decision **B) Long Term Decision** C) A & B both D) Nether A nor B
- 65) Which of the following is not used in capital budgetary?
A) Time Value of Money B) Sensitivity of Money **C) Net Assets Method** D) Cash in Flow
- 66) Capital budgetary decisions are:
A) Reversible B) Irreversible **C) Unimportant** D) All of These
- 67) A sound capital budgetary technique is based on
A) Cash Flows B) Accounting Profit C) Interest Rate on Borrowings D) Last Dividend Paid
- 68) Evaluation of capital budgetary proposals is based on cash flows because:
A) Cash Flows Easy To Calculate B) Cash Flows Are Suggested By SEBI
C) Cash Flows Are More Important Than Profit D) None of These
- 69) Responsibility contribution margin center is also known as _____
A) Expenses Center **B) Profit Center** C) Investment Center D) All of These
- 70) Which of the following is responsibility center?
A) Expenses Center B) Profit Center C) Investment Center **D) All of These**
- 71) Responsibility center is ____
A) Cost Center B) Profit Center C) Investment Center **D) All of These**
- 72) Project cost is Rs. 40,000 and the cash inflows are Rs. 5,000 per year then payback period is
A) 6 Years **B) 8 Years** C) 7 Years D) None

Capital

- 73) Which of the following is not incorporated in capital budgetary
A) Tax Effects B) Time Value of Money C) Required Rate of Return **D) Rate of Cash Discount**
- 74) Which of the following is not a capital budgetary decision
A) Expansion Program B) Merger C) Replacement of an Asset **D) Inventory Level**
- 75) Capital budgetary decision are based on:
A) Incremental Liability **B) Incremental Cash Flow** C) Incremental Assets D) Incremental Capital
- 76) Which of the following does not affect cash flow proposal?
A) Salvage Value B) Depreciation Amount C) Tax Rate Change **D) Method of Project Financing**
- 77) A proposal is not a capital budgetary proposal if it:
A) Fixed Assets B) Long Term Liabilities C) Large Investment **D) Short Term Benefits Only**
- 78) Saving In respect of a cost is treated in capital budgetary as:
A) An Inflow B) An Outflow C) Nil D) None
- 79) NPV means:
A) Net Profit Value B) Not Profit Value **C) Net Present Value** D) None
- 80) Which of the following would not be financial from working capital?
A) Cash Flow B) Accounts Receivable **C) Credit Sales** D) A New Proposal Computer for the Office
- 81) To financial analysis "working capital" means the same things as _____
A) Total Assets B) Fixed Assets C) Current Assets **D) Current Assets – Current Liabilities**
- 82) Comparison of financial statements highlights the trend of the _____ of the business
A) Financial Position B) Performance C) Profitability **D) All of The Above**
- 83) Analysis of any financial statement companies
A) Balance Sheet B) Profit And Loss A/C C) Trading A/C **D) All of The Above**
- 84) Which of the following are tools of analysis & interpretation of financial analysis
A) Ratio Analysis B) Average Analysis C) Trend Analysis **D) All of The Above**
- 85) The form of balance sheet is
A) Vertical B) Horizontal C) Horizontal & Vertical **D) Horizontal or Vertical**
- 86) Profit and loss statement is also known as
A) Statement of Operations **B) Statement of Income** C) Statement of Earning D) All of these
- 87) Goodwill is categorized under which assets?
A) Intangible B) Current Assets C) Fixed Assets D) None

- 88) Current ratio 2:5, current liability is Rs 30,000 net working capital will be:
 A) Rs 18,000 B) Rs. 12,000 C) Rs. 75,000 D) (-) 18,000
- 89) What is followed while preparing the financial statement?
 A) Accounting Convention B) Accounting Principle C) Accounting Concepts D) All Of The Above
- 90) Which of the following is technique of financial statement analysis?
 A) Common Side Statement B) Comparative Statement C) Trend Analysis D) All Of The Above
- 91) Current are also known as _____
 A) Cash B) Debtors C) Bills Receivable D) Gross Working Capital
- 92) Total assets – total liabilities =
 A) Working Capital B) Long Term Liabilities C) Capital D) Goodwill
- 93) Balance sheet shows _____
 A) Total income B) total expenses C) working capital D) financial position
- 94) The analysis & interpretations of financial statements will reveal _____
 A) The Financial Position Only B) The Profitability Only C) Financial Position & Profitability D) None
- 95) In the proper capital budgetary analysis we evaluate incremental _____
 A) Income B) Cash Flow C) Operating Profit D) Gross Profit
- 96) Which of the following is the main objective of a financial statement?
 A) To Know Debt Capacity B) To Know Earning Capacity C) To Know Solvency D) All of The Above
- 97) A current assets that can be transferred into cash within 3 months is known as
 A) Cash Equivalent B) Intangible Assets C) Tangible Assets D) Current Assets
- 98) Which of the following options is not recorded in the balance sheet?
 A) Cash B) Debtors C) Creditors D) Rent Paid
- 99) Quick assets does not include?
 A) Government Bond B) Book Debts C) Advances D) Stock
- 100) current ratio is 4:1, net working capital is Rs. 30,000. Find out the amount of current assets.
 A) Rs. 10,000 B) Rs. 40,000 C) Rs. 24,000 D) Rs. 6,000

Bhelonde Sir