

MANAGEMENT A/C-II.

①

: FINANCIAL STATEMENTS:

1. Which of the following transaction can be recorded by financial Accounts?
(A) Standard figure transactions.
✓ (B) Actual figure transactions.
(C) Budgeted figure transactions.
(D) All of the above.
2. Which of the following statement gives a review on the profitability of a Business?
(A) Balance sheet (B) Fund Flow Statement.
(C) cash flow statement ✓ (D) Income statement.
3. The term Financial Statements includes:
(A) Analysis (B) Interpretation (C) Both A & B
✓ (D) None of these.
4. Which of the following is techniques of Financial Statement Analysis?
(A) Comparative statement (B) Common Size Statement.
(C) Trend Analysis ✓ (D) All of these.
5. In Trend Analysis the base year is:
(A) current year ✓ (B) previous year (C) Any year
(D) None of these.
6. Financial statement analysis is significant for:
(A) Investors (B) Employees (C) Bankers ✓ (D) All of these.
7. Trend Analysis is significant for:
✓ (A) Forecasting & Budgeting (B) profit planning
(C) capital Rationing (D) None of the above

⑧ While preparing Common size income statements each item of income statement is expressed as % of

- A) Total Assets
- B) Total Sales
- C) Net profit
- D) None of these.

⑨ While ~~preparing~~ preparing comparative analysis which of the following formulae can be used:

- A) $\frac{\text{Absolute Increase/Decrease}}{\text{previous year figure}} \times 100$
- B) $\frac{\text{Absolute Increase/Decrease}}{\text{current year figure}} \times 100$
- C) $\text{Absolute Increase/Decrease} \times 100$
- D) None of these.

⑩ Which of the following is a type of Financial Statement

- A) Balance sheet
- B) Income Statements.
- C) Statement of Retained Earnings
- D) All of these

⑪ Financial statements reflects on:

- A) Combination of recorded facts.
- B) Accounting conventions
- C) personal judgement.
- D) All of above

⑫ Which of the following is the Limitations of Financial statements:

- A) Disclose only monetary facts.
- B) Influence of personal judgement.
- C) Both 'A' & 'B'
- D) None of the above.

⑬ Trend percentage analysis moves in direction:

- A) Upward
- B) Downward
- C) Upward ward or downward Regression or progression.
- D) None of

14) If the total assets of a firm amounting to Rs. 150,000 and plant and machinery amounts to Rs. 30,000, the common size representation would be:

(A) ~~Plant & Machinery~~
Total Assets

- (A) 30%
- (B) 20%
- (C) 40%
- (D) None of these.

15) A financial statement to show what a business owns and owes at a particular point in time.

- (A) Cash flow statement.
- (B) Statement of Retained earnings.
- (C) A Balance sheet
- (D) None of above

16) Comparison of financial statements highlights the trend of the ----- of Business.

- (A) performance
- (B) profitability
- (C) Financial position
- (D) All of these.

17) Which of the following statement is true?

- (A) Common size income statements represents the various elements as a percentage of gross profit.
- (B) In common size income statement, each item is represented as a percentage of net sales figures.
- (C) Common size balance sheet shows relative value of the various items.

- ~~(A) None of~~
- (A) B & C
- (B) A & B
- (C) A & C
- (D) A & C

18) Which of the following are techniques or methods of analysis and interpretation of financial statements.

- (A) Trend Analysis (B) Average Analysis
(C) Ratio Analysis (D) All of the above

19. Income statements shows:

- (A) A financial position.
 (B) operating efficiency
(C) Both A & B
(D) None of the above.

20. Financial statements of a company includes:

- (A) Cash flow statement.
(B) Balance sheet.
(C) Profit & Loss A/c
 (D) All of the above.

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The end