FUOYE QUESTION BANK TUTORIAL

MOCK EXAM FOR FACULTY OF MANAGEMENT SCIENCE

**TIME : 30 MINS COURSE: FIN 101**

**Answer All Question**

1.Banks require collateral as security for their loans.A. True B. False

3. A business uses Hire purchase because: A. This allows a business to acquire assets to keep by paying for it over a period

B. This allows them to use an asset when they want C. They can use it without paying for it D. This allows a business to use assets and by paying for it over a period

4. Short term finance is usually only available to business for periods of

5.Share capital is A. money given to a company by shareholders in return for a stake in the business B.

Business borrowing capital from a financial institution C. Capital shared amongst owners D. apital shared with shareholders

7. An 'Overdraft' is where a business is permitted to overspend on its bank account up to an agreed limit. A. True B. False

8. A 'Debenture' is? A. A long term loan B. A short term loan C. Both A and B (D) None of the above

9. Two basic measures of liquidity are :(A) Inventory turnover and Current ratio (B) Current ratio and Quick ratio (C) Gross Profit ratio and Operating ratio (D) Current ratio and Average Collection period

10. Current Ratio is : (A) Solvency Ratio (B) Liquidity Ratio (C) Activity Ratio (D) Profitability Ratio

11. Current Ratio is : (A) Liquid Assets/Current Assets (B) Fixed Assets/Current Assets (C) Current Assets/Current Liabilities

(D) Liquid Assets/Current Liabilities

12. Liquid Assets do not include : (A) Bills Receivable (B) Debtors (C) Inventory (D) Bank Balance

13. Ideal Current Ratio is : (A) 1 : 1 (B) 1 : 2 (C) 1 : 3 (D) 2 : 1

14. Working Capital is the : (A) Cash and Bank Balance (B) Capital borrowed from the Banks (C) Difference between Current Assets and Current Liabilities (D) Difference between Current Assets and Fixed Assets

15. Current assets include only those assets which are expected to be realised within …………………….. (A) 3 months (B) 6 months (C) 1 year (D) 2 years

13. The ………………… of a business firm is measured by its ability to satisfy its short term obligations as they become due.

(A) Activity (B) Liquidity (C) Debt (D) Profitability

14. Ideal Quick Ratio is : (A) 1 : 1 (B) 1 : 2 (C) 1 : 3 (D) 2 : 1

15. Quick Assets do not include (A) Cash in hand (B) Prepaid Expenses (C) Marketable Securities (D) Trade Receivables

16 Current Assets do not include : (A) Prepaid Expenses (B) Inventory (C) Goodwill (D) Bills Receivable

17. Quick Ratio is also known as : (A) Liquid Ratio (B) Current Ratio (C) Working Capital Ratio (D) None of the Above

18. Liquid Assets include : (A) Debtors (B) Bills Receivable (C) Bank Balance (D) All of the Above

19. Liquid Ratio is equal to liquid assets divided by : (A) Non-Current Liabilities (B) Current Liabilities (C) Total Liabilities

(D) Contingent Liabilities

20. Patents and Copyrights fall under the category of: (A) Current Assets (B) Liquid Assets (C) Intangible Assets (D) None of Above

21. Cash Balance 15,000; Trade Receivables 35,000; Inventory 40,000; Trade Payables 24,000 and Bank Overdraft is 6,000. Current Ratio will be : (A) 3.75 : 1 (B) 3 : 1 (C) 1 : 3 (D) 1 : 3.75

22. Trade Receivables ? 40,000; Trade Payables 60,000; Prepaid Expenses 10,000; Inventory ₹1,00,000 and Goodwill is 15,000. Current Ratio will be : (A) 1 : 2 (B) 2 : 1 (C) 2.33 : 1 (D) 2.5 : 1

23. Cash Balance 5,000; Trade Payables 40,000; Inventory 50,000; Trade Receivables 65,000 and Prepaid Expenses are 10,000. Liquid Ratio will be (A) 1.75 : 1 (B) 2 : 1 (C) 3.25 : 1 (D) 3 : 1

24. Current Assets 4,00,000; Current Liabilities 2,00,000 and Inventory is 50,000. Liquid Ratio will be : (A) 2 : 1 (B) 2.25 : 1 (C) 4 : 7 (D) 1.75 : 1

25. Which of the following transactions will improve the Current Ratio : (A) Cash Collected from Trade Receivables (B) Purchase of goods for cash (C) Payment to Trade Payables (D) Credit purchase of Goods

26. Which of the following transactions will improve the quick ratio? (A) Sale of goods for cash (B) Sale of goods on credit

(C) Issue of new shares for cash (D) All of the Above

27. A company’s Current Ratio is 2 : 1. After cash payment to some of its creditors, Current Ratio will: (A) Decrease (B) Increase

(C) As before (D) None of these

28. A Company’s Current Assets are 8,00,000 and its current liabilities are 4,00,000. Subsequently, it purchased goods for 1,00,000 on credit. Current ratio will be (A) 2 : 1 (B) 2.25 : 1 (C) 1.8 : 1 (D) 1.6 : 1

29. A company’s Current assets are 3,00,000 and its current liabilities are 2,00,000. Subsequently, it paid 50,000 to its trade payables. Current ratio will be (A) 2 : 1 (B) 1.67 : 1 (C) 1.25 : 1 (D) 1.5 : 1

30. Current Assets of a Company were ? 1,00,000 and its current ratio was 2 : 1. After this the company paid ?25,000 to a Trade Payable. The Current Ratio after the payment will be : (A) 5 : 1 (B) 2 : 1 (C) 3 : 1 (D) 4 : 1

30. Current liabilities of a company were 2,00,000 and its current ratio was 2.5 : 1. After this the company paid 1,00,000 to a trade payable. The current ratio after the payment will be : (A) 2 : 1 (B) 4 : 1 (C) 5 : 1 (D) None of the above

31. A Company’s liquid assets are 10,00,000 and its current liabilities are 8,00,000. Subsequently, it purchased goods for 1,00,000 on credit. Quick ratio will be (A) 1.11 : 1 (B) 1.22 : 1 (C) 1.38 : 1 (D) 1.25 : 1

32. A Company’s liquid assets are 5,00,000 and its current liabilities are 3,00,000. Thereafter, it paid 1,00,000 to its trade payables. Quick ratio will be: (A) 1.33 : 1 (B) 2.5 : 1 (C) 1.67 : 1 (D) 2 : 1

33. Liquid Assets : (A) Current Assets – Prepaid Lxp. (B) Current Assets – Inventory + Prepaid Exp. (C) Current Assets – Inventory – Prepaid Exp. (D) Current Assets + Inventory – Prepaid Exp.

34. Current Assets 85,000; Inventory 22,000; Prepaid Expenses 3,000. Then liquid assets will be : (A) 63,000 (B) 60,000

(C) 82,000 (D) 1,10,000

35. A Company’s Quick Ratio is 1.5 : 1; Current Liabilities are 2,00,000 and Inventory is 1,80,000. Current Ratio will be :

(A) 0.9 : 1 (B) 1.9 : 1( C) 1.4 : 1 (D) 2.4 : 1

36. Long term solvency is indicated by : (A) Current Ratio (B) Quick Ratio (C) Net Profit Ratio (D) Debt/Equity Ratio

37. Debt Equity Ratio is : (A) Liquidity Ratio (B) Solvency Ratios (C) Activity Ratio (D) Operating Ratio

38. Debt Equity Ratio is :(A) Long Term Debts/Shareholder’s Funds (B) Short Term Debts/Equity Capital (C) Total Assets/Long term Debts (D) Shareholder’s Funds/Total Assets

39. Proprietary Ratio is : (A) Long term Debts/Shareholder’s Funds (B) Total Assets/Shareholder’s Funds (C) Shareholder’s Funds/Total Assets (D) Shareholder’s Funds/Fixed Assets

40. The ………….. ratios provide the information critical to the long run operation of the firm. (A) Liquidity (B) Activity (C) Solvency (D) Profitability

41. Operating ratio is : (A) Cost of revenue from operations + Selling Expenses/Net revenue from operations (B) Cost of production + Operating Expenses/Net revenue from operations (C) Cost of revenue from operations + Operating Expenses/Net Revenue from Operations (D) Cost of Production/Net revenue from operations.

42. Cost of Revenue from Operations = (A) Revenue from Operations – Net Profit (B) Revenue from Operations – Gross Profit

(C) Revenue from Operations – Closing Inventory (D) Purchases – Closing Inventory

43. One of this is a factor that affect time value of money (a) Inflation (b) Deflation (c) Government (c) All of the above

44. Which of the following shareholder are the real owner of a business and has voting right (a) Preference shareholder (b) Ordinary shareholders (c) Debentures holder (d) Both A and B

45. All following share holder dividend are fixed except (a) Prefernece shareolders (b) Preferred shareholders (c) Debentures holder (d) Ordinary shareholders

46. Which of this has the features of both the shareholder and Creditors (a) Ordinary Shareholder (b) Debentures holder (c) Preference shareholder (d) Both A and C

47. The following are long term securities except (a) Shares (b) Bond (c) Debentures (d) None of the above

48. \_\_\_\_\_\_\_\_ concept state that money at hand today is worth more than same amount in the future (a) Time money (b) Value of money (c) Time value of money (d) All of the above

49. The process of calculating the present value of money is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

50 The process of calculating the future value of money is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

BY JAMES