1- Accounting provides information on
(A) Cost and income for managers
(B) Company’s tax liability for a particular year
(C) Financial conditions of an institution
(D) All of the above
(Ans: D)

2- The long term assets that have no physical existence but are rights that have value is known as
(A) Current assets
(B) Fixed assets
(C) Intangible assets
(D) Investments
(Ans: C)

3- The assets that can be converted into cash within a short period (i.e. 1 year or less) are known as
(A) Current assets
(B) Fixed assets
(C) Intangible assets
(D) Investments
(Ans: A)

4- Patents, Copyrights and Trademarks are
(A) Current assets
(B) Fixed assets
(C) Intangible assets
(D) Investments
(Ans: C)

5- The following is not a type of liability
(A) Short term
(B) Current
(C) Fixed
(D) Contingent
(Ans: A)

6- The liabilities that are payable in more than a year and are not be liquidated from current assets
(A) Current liabilities
(B) Fixed liabilities
(C) Contingent liabilities

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7-The debts, which are to be repaid within a short period (year or less) are known as
(A) Current liabilities
(B) Fixed liabilities
(C) Contingent liabilities
(D) All of the above
(Ans: A)

8-The sales income (Credit and Cash) of a business during a given period is called
(A) Transactions
(B) Sales returns
(C) Turnover
(D) Purchase returns
(Ans: C)

9-Any written evidence in support of a business transaction is called
(A) Journal
(B) Ledger
(C) Ledger posting
(D) Voucher
(Ans: D)

10-The accounts that records expenses, gains and losses are
(A) Personal accounts
(B) Real accounts
(C) Nominal accounts
(D) None of the above
(Ans: C)

11-Real accounts records
(A) Dealings with creditors or debtors
(B) Dealings in commodities
(C) Gains and losses
(D) All of the above
(Ans: B)

12-In journal, the business transaction is recorded
(A) Same day
(B) Next day
(C) Once in a week
(D) Once in a month  
(Ans: A)

13-The following is (are) the type(s) of Journal  
(A) Purchase journal  
(B) Sales journal  
(C) Cash journal  
(D) All of the above  
(Ans: D)

14-The process of entering all transactions from the journal to ledger is called  
(A) Posting  
(B) Entry  
(C) Accounting  
(D) None of the above  
(Ans: A)

15-The following is a statement showing the financial status of the company at any given time  
(A) Trading account  
(B) Profit and Loss statements  
(C) Balance sheet  
(D) Cash book  
(Ans: C)

16-The following is a statement of revenues and expenses for a specific period of time  
(A) Trading account  
(B) Trial balance  
(C) Profit and loss statements  
(D) Balance sheet  
(Ans: C)

17-Balance sheet is a statement of  
(A) Assets  
(B) Liability  
(C) Capital  
(D) All of the above  
(Ans: D)

18-Balance sheets are prepared  
(A) Daily  
(B) Weekly  
(C) Monthly  

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19-The ratios that refer to the ability of the firm to meet the short term obligations out of its short term resources
(A) Liquidity ratio
(B) Leverage ratios
(C) Activity ratios
(D) Profitability ratios
(Ans: A)

20-The measure of how efficiently the assets resources are employed by the firm is called
(A) Liquidity ratio
(B) Leverage ratios
(C) Activity ratios
(D) Profitability ratios
(Ans: C)

21-The following is (are) the current liability (ies)
(A) Bills payable
(B) Outstanding expenses
(C) Bank overdraft
(D) All of the above
(Ans: D)

22-Current ratio =
(A) Quick assets / Current liabilities
(B) Current assets / Current liabilities
(C) Debt. / Equity
(D) Current assets / Equity
(Ans: B)

23-A current ratio of ______ and above indicates that the availability of sufficient net working capital and the ability of the firm to meet current liabilities.
(A) 1.33:1
(B) 1.44:1
(C) 1.55:1
(D) 1.66:1
(Ans: A)
24-Liquid or Quick assets =  
(A) Current assets – (stock + work in progress)  
(B) Current assets + stock + work in progress  
(C) (Current assets + stock) + work in progress  
(D) (Current assets + work in progress) – stock  
(Ans: A)

25-The following is also known as External Internal Equity ratio  
(A) Current ratio  
(B) Acid test ratio  
(C) Debt Equity ratio  
(D) Debt service coverage ratio  
(Ans: C)

26-Lower the Debt Equity ratio  
(A) Lower the protection to creditors  
(B) Higher the protection to creditors  
(C) It does not affect creditors  
(D) None of the above  
(Ans: B)

27-A higher inventory ratio indicates  
(A) Better inventory management  
(B) Quicker turnover  
(C) Both ‘A’ and ‘B’  
(D) None of the above  
(Ans: C)

28-Return on Investment Ratio (ROI) =  
(A) (Gross profit / Net sales) x 100  
(B) (Gross profit x Sales / Fixed assets) x 100  
(C) (Net profit / Sales) x 100  
(D) (Net profit / Total assets) x 100  
(Ans: D)

29-A Low Return on Investment Ratio (ROI) indicates  
(A) Improper utilization of resources  
(B) Over investment in assets  
(C) Both ‘A’ and ‘B’  
(D) None of the above  
(Ans: C)

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30-Following is (are) the characteristic(s) of a budget
(A) It outlines projected activities
(B) Expressions are made in quantitative terms
(C) It is for a fixed period
(D) All of the above
(Ans: D)

31-Sales expenditure budget is prepared by estimating the expense(s) of
(A) Advertisement
(B) Market analysis
(C) Salesman’s salary
(D) All of the above
(Ans: D)

32-Budgeting is difficult to apply in the following cases
(A) Products subjected to rapid changes
(B) Job order manufacturing
(C) Uncertain market conditions
(D) All of the above
(Ans: D)

33-A Master Budget consists of
(A) Sales budget
(B) Production budget
(C) Material budget
(D) All of the above
(Ans: D)