

FINANCIAL & MANAGEMENT ACCOUNTING
MBA-I
MB0025

1 Marks

1	<p>----- has more than one owner who have agreed to share profits of a business, carried on by all or any of them acting for all.</p> <p>a. Corporate entity b. partnership firm c. all business entity d) sole proprietorship firm</p>	2	<p>A business is an artificial entity distinct from its proprietors. This is based on which concept?</p> <p>a. accrual concept b. money measurement concept c. entity concept d. periodicity concept</p>
3	<p>Ram commenced business with Rs. 15000. The J.E for this is:</p> <p>a) Ram's a/c Dr. b) Ram's capital a/c Dr. To cash a/c To cash a/c c) Cash a/c Dr. d) Capital a/c Dr. To Ram's capital a/c To Ram's a/c</p>	4	<p>Withdrew cash from bank for private use Rs. 20,000. The J.E is : Cash a/c Dr. To Bank a/c</p> <p>a. true b. false</p>
5	<p>----- records credit sale of goods.</p> <p>a. purchase day book b. sale day book c. journal day book</p>	6	<p>----- is a documentary evidence in writing , containing an unconditional order signed by the maker , directing a certain person to pay a certain sum of money to the bearer of the instrument.</p> <p>a. B/E b. B/R c. B/P d. all</p>
7	<p>The income and expenses should be recognized as & when they are earned and incurred , irrespective of whether the money is received or paid in connection thereof.</p> <p>a. accrual concept b. cost concept c. cash basis d. none of the above</p>	8	<p>----- is a book of first entry or prime entry .</p> <p>a. primary book b. secondary book c. cash book d. all of above</p>

9	If you pass in MBA. It will give you a great deal of satisfaction .this expression can not be made in money term . This is because of which concept ? a.accrual b.money measurement c.cost concept d.business entity concept	10	The valuation of assets & liabilities principle depends on which concept ? a.the cost concept b.money measurement concept c.the periodicity concept d.the going concern concept
11	“Anticipate no profit but provide all possible losses”. Which concept says so? a. the realization concept b. the matching concept c. concept of prudence d.the accrual concept	12	----- is the residual interest of owners in assets over liabilities. a.assets b.capital c.capitalization d. liability
13	----- records goods returned to the suppliers. a.return inward b.return outward c.sales return d. none of the above	14	According to the income tax law,1961 , business unit should follow a uniform accounting period i.e.: a.fiscal year b.calendar year c.both of the years d.none.
15	A happening of consequence to an entity known as----- a.event b.vouchers c.books d.journal	16	Which of the following is a type of vouchers ? a.receipt voucher b.payment vouchers c.journal vouchers d.all of these
17	Graphical representation of cost & revenue showing their relations at different volumes of output is called -----. a. Break even chart b. Break-even point c. Margin of safety d. Profit/volume ratio	18	Which of the following is correct. a. P/V ratio = $\frac{\text{Change in profit}}{100}$ b. P/V ratio = C/S Change in sales c. P/C ratio = C/S d. All of the above
19	----- is drawn to record all	20	.----- records daily cash &

	<p>non-cash transactions and events.</p> <p>a. receipt voucher</p> <p>b. payment vouchers</p> <p>c. journal vouchers</p> <p>d. all of the above</p>		<p>bank receipt and payment.</p> <p>a. cash book</p> <p>b. bank book</p>
21	<p>$F.C = P/V \times S - F.$</p> <p>a. True</p> <p>b. False</p>	22	<p>The consolidated summary of various functional budget is called:</p> <p>a. Functional budget</p> <p>b. Flexible budget</p> <p>c. Master budget</p> <p>d. Fixed budget</p>
23	<p>FASB stands for:</p> <p>a. financial accounting standard board</p> <p>b. financial accounting state board</p> <p>c. none of the above</p>	24	<p>Which of the following equation is correct ?</p> <p>a. assets = liability + capital</p> <p>b. liability = assets + capital</p> <p>c. assets = capital – liability</p> <p>d. none of the above</p>
25	<p>Which of the following heads is not an application of marginal costing.</p> <p>a. Competition</p> <p>b. Recession</p> <p>c. Special customer</p> <p>d. None of above</p>	26	<p>----- will have separate accounts for each customer.</p> <p>a. journal ledger</p> <p>b. creditor ledger</p> <p>c. debtor ledger</p> <p>d. cash ledger</p>
27	<p>P/V stands for profit/value ratio.</p> <p>a. True</p> <p>b. False</p>	28	<p>In a B.E. chart, the horizontal axis (x-axis) represents _____ .</p> <p>a. Cost of production</p> <p>b. Output</p> <p>c. Input</p> <p>d. Profit</p>
29	<p>A cost, which can be influenced by the action of a specified number of an undertaking, is called.</p> <p>a. Controllable cost</p> <p>b. Non-Controllable cost</p> <p>c. Incremental</p> <p>d. Detrimental cost</p>	30	<p>$P/V \text{ ratio} = C/S$</p> <p>a. True</p> <p>b. False</p>
31	<p>Variable Cost = Marginal Cost.</p>	32	<p>Which of the following is correct.</p>

	<p>a. True b. False</p>		<p>a. $C=S+VC$ b. $C=F+P$ c. $S=C-VC$ d. All of the above</p>
33	<p>Depreciation is a type of which cost. a. Non-cash cost b. Incremental cost c. Sunk cost d. Imputed cost</p>	34	<p>Opportunity cost is also known as opportunity lost. a. True b. False</p>
35	<p>PRIME Cost + Factory overhead =? a. Factory Cost b. Production Cost c. Selling & Distribution d. Total Cost</p>	36	<p>_____ refers to the cost of materials, which become a major part of the finished product. a. Direct labor cost b. Direct expense cost c. Direct material cost d. All of above</p>
37	<p>A Cost Sheet with sales & profit data are called _____. a. Expert Cost Sheet b. Extended Cost Sheet c. Cost Sheet production d. None of above</p>	38	<p>Main ledger is type of secondary book. a. true b. false</p>
39	<p>Sunk cost is relevant cost. a. True b. False</p>	40	<p>Sales - _____ = Margin of safety a. Break even point b. Break even sales c. P/V ratio d. Profit</p>

2 Marks

41	<p>If the depreciation value is not given, it has to be found out as: Opening balance of fixed assets + _____ - _____ - closing balance of fixed assets a. Purchase, direct expenses b. Purchases, fixed assets sold c. Fixed assets sold, sales d. Written of value, direct expenses</p>	42	<p>Calculate the selling price if marginal cost is Rs. 2,400 and MCSR is 20%. a. Rs. 5,000 b. Rs. 4,000 c. Rs. 3,000 d. Rs. 2,000</p>
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43	<p>The WDV of a machinery at the beginning and at the end were Rs. 2,00,000 and 1,75,000. An old machine whose written down value was Rs. 12,000 was sold for Rs. 6,500. Rs. 3200 depreciation was charged during the current year. The purchase price is :</p> <p>a. Rs. 20,000 b. Rs. 19,000 c. Rs. 1,68,000 d. Rs. 1,56,000</p>	44	<p>_____ activities are the principal revenue producing activities of the enterprise & other activities that are not investing financing activities</p> <p>a. Financial b. Operating c. Investing d. None of the above</p>
45	<p>Which of the following statement is not true:</p> <p>i. Purchase return take place when the goods bought are not sold as for the specification. ii. Debit note is a document to show the supplier account being debited</p> <p>a. Both I and ii b. Only I c. Only ii d. Neither I & ii</p>	46	<p>DER compares _____ with _____.</p> <p>a. Debenturer & Reserves b. Debt & Equity c. Current assets & current liabilities d. Redeemable & irredeemable</p>
47	<p>Capital is _____ when it is withdrawn & is _____ when deposited.</p> <p>a. Debited, credited b. Debited, debited, c. Credited, debited d. Credited, credited</p>	48	<p>_____, _____ and _____ are the turn used in the science of financial accounting.</p> <p>a. Book keeping, journal, ledgers b. Book keeping, accounting, accountancy c. Journal, ledger, final accounts d. All of the above</p>
49	<p>For financial accounting the auditing is _____ & for management accounting thr auditing is _____.</p> <p>a. rigid, flexible b. voluntary, legal c. compulsory, voluntary d. objective ,subjective</p>	50	<p>State in which journal the following items would be recorded</p> <p>A) cash purchase of goods 1)purchase B) credit sale of goods 2)journal C) credit sale of furniture 3)sale</p>

			<p>a. A,1 ; B,3 ; C,2 b. A,2 ; B,3 ; C,3 c. A,1 ; B,2 ; C,3</p>
51	<p>In _____ method, depreciation is calculated on cost of the asset and in _____ method depreciation is charged on the reducing balance of the book value assets.</p> <p>a. Diminishing balance, fixed installment b. Reducing balance, fixed installment, c. Fixed installment, diminishing balance d. All of above</p>	52	<p>interest accrued on fixed deposit of Rs. 20000 at 12% simple interest on 31-12-07, not yet received . the entry is:</p> <p>a. Income a/c Dr. 24000 To outstanding income a/c 24000 b. Outstanding income a/c Dr 24000 To interest on FD a/c 24000 d. none of above</p>
53	<p>. ----- records credit purchases of traded goods and ----- records credit sale of traded goods.</p> <p>a. goods return , goods purchased b. purchase day book , sale day book c. purchase return , sales return d. sales day book , purchase day book</p>	54	<p>Which of the following statement are true.</p> <p>i. Increase in current assets will increase working capital ii. Decrease in current liabilities will decrease working capital</p> <p>a. Both i & ii b. Only I c. Only ii d. Neither I & ii</p>
55	<p>Capital turnover ratio is:</p> <p>a. 1.50 times b. 1.08 times c. 1.80 times d. 2.02 times</p>	56	<p>The sale accounting is under cast by Rs 15,000. This could be rectify as:</p> <p>Sales Account By rectification 15000</p> <p>a. True b. False</p>
57	<p>Return coverage ratio is:</p> <p>a. 28.9% b. 5 times c. 6 times d. 3 times</p>	58	<p>Interest coverage ratio is:</p> <p>a. 4 times b. 5 times c. 6 times d. 3 times</p>

59	<p>If: share – capital – 1,60,000 general reserves – 60,000 profit & loss A/c – 1,00,000 loan @ 15% interest – 2,00,000 sales for the yr. – 5,60,000 tax paid - 40,000 Profit for the current year after Interest & tax – 80,000</p> <p>1. Debt – Equity ratio is:</p> <p>a. 3,20,000 b. 2,20,000 c. 1,80,000 d. 2,60,000</p>	60	<p>Calculate B.E.P from the following figures. TS = Rs 50,00,000 VC = Rs 2,75,000 N.P.= Rs 1,08,000 BEP= ?</p> <p>a. Rs. 2,30,000 b. Rs. 2,60,000 c. Rs. 3,00,000 d. Rs. 3,30,000</p>
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4 Marks

61	<p>Which of the following A/c are debited:</p> <p>1. Drawing A/c 2. Bills payable a/c 3. Debtors A/c 4. Outstanding income A/c 5. Loss on sale income A/c 6. Pre received income A/c 7. Reserve for future expenses or losses 8. Cash at bank</p> <p>a. 3, 5, 6, 7, 8 b. 1, 2, 4, 5, 8 c. 1, 3, 4, 5, 8 d. 1, 3, 5, 6, 7, 8</p>	62	<p>Which of the following statements are not correct:</p> <p>i. $S - V = F + P$ ii. $MUV = (SQ * SR) - (AQ * AP)$ iii. Working capital = Current liabilities – Current Assets iv. Contribution = $MCSR / * 100$ v. Cost variance Standard cost – actual cost</p> <p>a. ii, iii, iv, v b. I, ii, iii c. Iii, iv d. Ii, iii, iv</p>
63	<p>Which of the following statement does not match with the concerned answer:</p> <p>1. Error of omission can be detected only after a careful review of ledger balance of previous year - True 2. Error of principle affects the value of revenue & capital items – False 3. It is very difficult to find out the compensating errors – False 4. Error of commission affects trial</p>	64	<p>Match the following –</p> <p>A. I. According to _____ concept, revenue is considered as being earned on the date on which it is realized. II. According to _____ principle, insignificant facts, which do not influence any decisions of the investors or any interested group need not communicated</p>

	<p>balance – True</p> <p>a. 1, 2, 3</p> <p>b. 2, 3</p> <p>c. 2, 3, 4</p> <p>d. 1, 3</p>		<p>III. According to _____ concept, the cost of applying a principle should not be more than the benefits derived from.</p> <p>IV. According to _____ concept, Revenue earned during a period is compared with the expenditure incurred to earn that income.</p> <p>B.</p> <p>I-Making cost & Revenue</p> <p>II. Modifying</p> <p>III. Income recognition</p> <p>IV. Materially</p> <p>a. I-I, II-II, III-IV, IV-III</p> <p>b. I-III, II-IV, III-II, IV-I</p> <p>c. I-II, II-III, III-IV, IV-I</p> <p>d. None of the above</p>
65	<p>Net cash loan for operating activities is –</p> <p>a. Rs. 10,600</p> <p>b. Rs. 65,400</p> <p>c. Rs. 67,400</p> <p>d. Rs. 60,100</p>	66	<p>Which of the following are the characteristics of fund flow statement:</p> <p>i. No opening or closing balances are recorded</p> <p>ii. It is prepared on the basis of ledger principle</p> <p>iii. “To” and “By” are indicated</p> <p>iv. It is rigid</p> <p>v. Only cash receipt & payments are recorded</p> <p>vi. It is related with accrual basis</p> <p>a. i, iii, iv, v</p> <p>b. I, ii, iv, vi</p> <p>c. I, iii, iv</p> <p>d. I, iii, vi</p>
67	<p>Debt equity ratio is:</p> <p>a. 1:2</p> <p>b. 0.75%</p> <p>c. 2:1</p> <p>d. 1:0.75</p>	68	<p>The liquid Ratio is:</p> <p>a. 1:2</p> <p>b. 2:1</p> <p>c. 1:1</p> <p>d. 2:3</p>
69	<p>The increase in working capital is:</p> <p>a. 26,000</p>	70	<p>Which of the following statement:</p>

	<p>b. 20,000 c. 19,000 d. 21,000</p>		<p>i. Goods taken by the proprietor personal use are credited to sales account ii. Balance-sheet is an account because it is included in the scope of final accounts iii. Stock at the end, if appear in the trial balance is taken only to the balance-sheet iv. Salary paid in advance is not an expense because it neither reduces assets not increases liabilities a. i, iii, iv b. I, ii c. Ii, iii d. Iii, iv</p>
71	<p>Match the following – I. Liquidity ratio I. Gross profit, net profit II. Solvency ratio II. Current ratio, liquidity ratio III. Activity ratio III. Debt equity ratio IV. Profitability ratio IV. Stock turn-over ratio a. I-I, II-II, III-IV, IV-III b. I-II, II-III, III-IV, IV-I c. I-II, II-IV, III-III, IV-I d. I-IV, II-III, III-I, IV-II</p>	72	<p>Capital gearing ratio is: a. 1:1 b. 1:2 c. 2:1 d. 0.7:1</p>
73	<p>Journal proper contain which of the following aspects: a. Opening journal entries b. Closing journal entries c. Adjusting entries d. Rectification entries e. Transferring entries f. Credit purchase of assets & sale of assets g. Withdrawal of goods by the proprietor for his personal use h. Loss of goods due to natural causes a. a, c, d, e, f b. a, b, c, d c. d, e, f, g d. All from a-h</p>	74	<p>Calculate stock turnover ratio: if opening stock = 75000, closing stock = 1,00,000 Credit sales = 2,00,000, cash sales = Rs. 50,000 Gross profit is 25%, STR is : a. 2 times b. 3 times c. 2.8 times d. 2.1 times</p>

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