

## Questions For Practice

Semester V

Sub : Financial Accounting & Auditing : Paper VII - Management Accounting (Paper Code : 23009)

<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>1) Which of the following Function is the best describe as choosing among available alternatives</p> <p>A) Decision Making      C) Controlling B) Planning      D) Budgeting</p>
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>2) Management accounting is also called.....</p> <p>A) Managerial account      C) Analytical accounting B) Internal accounting      D) Corporate Accounting</p>
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>3) Management Accounting information is generally prepared for.....</p> <p>A) Shareholder      C) Government B) Creditors      D) Managers</p>
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>4) Tactical information is required by.....</p> <p>A) Middle managers      C) Top managers B) Line Managers      D) All worker</p>
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>5) ..... is devoted to providing information for external users</p> <p>A) Management Accounting      C) Internal accounting B) Financial accounting      D) Cost accounting</p>
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>6) The primary users of Management accounting Information are.....</p> <p>A) Bankers      C) Managers in Organisation B) government      D) Management Accountant</p>
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>7) The focus of Management accounting is on.....</p> <p>A) Tax Preparation      C) Internal Reporting B) External Reporting      D) Auditing</p>
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>8) .....Produces information for managers within an Organisation</p> <p>A) Financial Accounting      C) Financial Auditing B) Management Accounting      D) External Auditing</p>
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>9) Management accounting is the branch of accounting concerned with reporting to.....</p> <p>A) Internal managers.      C) The government. B) Shareholders.      D) Bankers.</p>
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>10) The primary objective of management accounting is</p> <p>A) To provide shareholders and potential investors with use      C) To provide management with information useful for pla B) To provide banks and other creditors with information u      D) To provide the relevant taxation authorities with inform</p>

<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>11) Management accounting reports are prepared</p> <p>A) To meet the needs of decision makers within the firm. B) whenever shareholders request them.</p> <p>C) according to guidelines prepared by the shares and Fina D) according to financial accounting standards.</p>	
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>12) Management accounting &amp; Financial Accounting differs in that Management Accounting information is prepared.....</p> <p>A) Following Prescribed Rule B) Using Whatever Methods the company fields Benificial</p> <p>C) For shareholder D) to Summerised the whole company with little detail</p>	
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>13) Which of the following characteristics does NOT pertain to management accounting?</p> <p>A) provides information and estimates about future activity B) generates specific-purpose financial statements and rep</p> <p>C) provides financial and operating data multidisciplinary in D) has externally imposed standards</p>	
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>14) Which of the following does NOT describe management accounting?</p> <p>A) evaluation of segments or products within the firm B) emphasis on the future</p> <p>C) externally focused D) detailed information</p>	
<p>Chp No : 1      Name : INTRODUCTION TO MANAGEMENT ACCOUNTING</p> <p>15)</p> <p>A) B)</p> <p>C) D)</p>	
<p>Chp No : 2      Name : ANALYSIS &amp; INTERPRETATION OF FINANCIAL STATEMENT</p> <p>16) The term financial statement refers to...</p> <p>A) Income statement ,Balance sheet ,Cash flow and Fund FI B) Only Income Statement</p> <p>C) only Balance sheet D) only Trading Account</p>	
<p>Chp No : 2      Name : ANALYSIS &amp; INTERPRETATION OF FINANCIAL STATEMENT</p> <p>17) Which of the following is not the objective of a financial statement?</p> <p>A) To know the solvency B) To know the debt capacity</p> <p>C) To know the earning capacity D) To know Credit Score</p>	
<p>Chp No : 2      Name : ANALYSIS &amp; INTERPRETATION OF FINANCIAL STATEMENT</p> <p>18) The balance sheet shows ...</p> <p>A) The source of working capital B) The change in working capital</p> <p>C) Changes in current Liability D) Financial Position of Business</p>	
<p>Chp No : 2      Name : ANALYSIS &amp; INTERPRETATION OF FINANCIAL STATEMENT</p> <p>19) Following is not a Quick Assetss.....</p> <p>A) Losse Tools B) Advance Tax</p> <p>C) Bills Recivable D) Interest accrued</p>	
<p>Chp No : 2      Name : ANALYSIS &amp; INTERPRETATION OF FINANCIAL STATEMENT</p> <p>20) Capital Employed is Equal to.....</p> <p>A) Fixed assets+ Investment+current assests B) Fixed assets+ Investment+Working Capital</p> <p>C) Fixed assets+ Investment+current Liabilities D) Fixed assets+ Investment _Current Liabilities</p>	

Chp No : 2	Name : ANALYSIS & INTERPRETATION OF FINANCIAL STATEMENT
21) Own Funds + Loan Fund =	
A) Total Fund Available	C) Net Worth
B) Capital Employed	D) Net Assets
Chp No : 2	Name : ANALYSIS & INTERPRETATION OF FINANCIAL STATEMENT
22) Oowners Fund =	
A) Capital Employed	C) Share Capital + Reserves
B) Share Capital + Reserves & Surpluse-Fictitious Assetes	D) Share Capital-reserves
Chp No : 2	Name : ANALYSIS & INTERPRETATION OF FINANCIAL STATEMENT
23) Short Term Investment are shown in vertical Financial statement under.....	
A) Fixed Asseets	C) Investment
B) Current Assets	D) Working Capital
Chp No : 2	Name : ANALYSIS & INTERPRETATION OF FINANCIAL STATEMENT
24) Debentures Repayble within one year are shown in the vertical Financial statement as....	
A) Current Asseets	C) Loan Fund
B) Current Liabilities	D) Fixed Asseets
Chp No : 2	Name : ANALYSIS & INTERPRETATION OF FINANCIAL STATEMENT
25) Commen Size Statement is used.....	
A) Only For Horizontal Analysis	C) For both Vertical & Horizontal Analysis
B) Only or Vetical Analysis	D) Not For Both Vertical & Horizontal Analysis
Chp No : 2	Name : ANALYSIS & INTERPRETATION OF FINANCIAL STATEMENT
26) In commen Size Balance sheet analysis,the .....Taken as 100%.	
A) Fixed Asseets	C) Total Own Fund
B) Current Asseets	D) Capital Employed
Chp No : 2	Name : ANALYSIS & INTERPRETATION OF FINANCIAL STATEMENT
27) An example of horizontal analysis would be:	
A) Comparing the income of TCS Ltd. to that of Infosys Ltd.	C) Comparing the income of TCS Ltd. for 2012 to the incom
B) Comparing the income of companies in the Computer So	D) Comparing the net income of TCS Ltd. for 2012 to the ass
Chp No : 2	Name : ANALYSIS & INTERPRETATION OF FINANCIAL STATEMENT
28) Comparative Statement analysis is	
A) Dynamic analysis	C) Horizontal analysis
B) Vertical analysis	D) External analysis
Chp No : 2	Name : ANALYSIS & INTERPRETATION OF FINANCIAL STATEMENT
29) Another term for Short Term Investments is	
A) Inventories	C) Contributed Capital
B) Accounts Receivable	D) Marketable Securities
Chp No : 2	Name : ANALYSIS & INTERPRETATION OF FINANCIAL STATEMENT
30) Comparison of financial statements does not highlights the trend of the _____ of the business.	
A) Financial position	C) Profitability
B) Performance	D) Managerial account

<p>Chp No : 2      Name : ANALYSIS &amp; INTERPRETATION OF FINANCIAL STATEMENT</p> <p>31) Which of the following are not techniques, tools or methods of analysis and interpretation of financial statements?</p> <p>A) Ratio Analysis B) Average Analysis</p> <p>C) Trend Analysis D) Cash Flow statement</p>
<p>Chp No : 2      Name : ANALYSIS &amp; INTERPRETATION OF FINANCIAL STATEMENT</p> <p>32) Which type of analysis is a comparison of a company's financial condition and performance across time?</p> <p>A) Horizontal analysis B) Upward analysis</p> <p>C) Vertical analysis D) Downward analysis</p>
<p>Chp No : 2      Name : ANALYSIS &amp; INTERPRETATION OF FINANCIAL STATEMENT</p> <p>33) A change in an account balance from 100 in year one to 250 in year five can be expressed in which way?</p> <p>A) 150% B) 2.5:1</p> <p>C) 25 TIMES D) 25%</p>
<p>Chp No : 2      Name : ANALYSIS &amp; INTERPRETATION OF FINANCIAL STATEMENT</p> <p>34) The comparison of the business performance of a company over a period of time is known as</p> <p>A) Trend analysis B) Cost-benefit analysis</p> <p>C) Cross-industrial analysis D) Common size analysis</p>
<p>Chp No : 2      Name : ANALYSIS &amp; INTERPRETATION OF FINANCIAL STATEMENT</p> <p>35) X Ltd., furnished the following information Particulars Fixed assets- 3000000,Current assets-1200000,Investments-1600000,Current liabilities-800000,Secured Loan – 400000.The total of 'Sources of funds' of X Ltd., is</p> <p>A) 5000000 B) 5800000</p> <p>C) 4200000 D) 5600000</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>36) Proprietary Ratio</p> <p>A) (a) Balance Sheet Ratio B) (c) Composite Ratio</p> <p>C) (b) Revenue Statement Ratio D) Income statement ratio</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>37) Capital Gearing Ratio</p> <p>A) Balance Sheet Ratio B) Composite Ratio</p> <p>C) Revenue statement Ratio D) Income statement ratio</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>38) Operating Ratio</p> <p>A) Balance Sheet Ratio B) Composite Ratio</p> <p>C) Revenue statement Ratio D) Liquidity ratio</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>39) Debt-Equity Ratio</p> <p>A) Balance Sheet Ratio B) Composite Ratio</p> <p>C) Revenue statement Ratio D) Income statement ratio</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>40) Net Operating Profit Ratio</p> <p>A) Revenue statement Ratio B) Liquidity ratio</p> <p>C) Balance Sheet Ratio D) Composite Ratio</p>

<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>41) Stock-Working Capital Ratio</p> <p>A) Revanue statement Ratio B) Income statement ratio</p>	<p>C) Balance Sheet Ratio D) Composite Ratio</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>42) Stock Turnover Ratio</p> <p>A) Revanue statement Ratio B) Balance Sheet Ratio</p>	<p>C) Composite Ratio D) Liquidity ratio</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>43) Expenses Ratio</p> <p>A) Balance Sheet Ratio B) Composite Ratio</p>	<p>C) Liquidity ratio D) Income statement ratio</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>44) Net Profit Ratio</p> <p>A) Balance Sheet Ratio B) Composite Ratio</p>	<p>C) Liquidity ratio D) Income statement ratio</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>45) Profitability ratios</p> <p>A) Capital gearing ratio, Debt-Equity ratio and Proprietary r B) Liquid ratio and Current ratio</p>	<p>C) Stock turnover ratio; Debtors turnover ratio D) Return on investments, Return on equity capital</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>46) Following Profitability Ratios are useful for Shareholders</p> <p>A) Liquid Ratio and Stock-working Capital B) Return on Proprietors Funds, Return on Equity Capital</p>	<p>C) Operating Ratio, Expense Ratios D) Operating Ratio</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>47) Following Ratios are useful for Short Term Creditors</p> <p>A) Current Ratio, Liquid Ratio and Stock-working Capital B) Return on Proprietors Funds, Return on Equity Capital</p>	<p>C) Operating Ratio, Expense Ratios D) Return on equity capital</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>48) Following Ratio is useful for Long Term Creditors</p> <p>A) Current Ratio B) Expense Ratios</p>	<p>C) Return on Equity Capital D) Debt - Equity Ratio</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>49) Composite Ratios shows</p> <p>A) Relationship between the assets and the liabilities of the B) Relationship between the profits and the funds employe</p>	<p>C) Relationship between the profitability and the sales of th D) Relationship between the sales and the investments of t</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>50) Debt Service Ratio</p> <p>A) Balance Sheet Ratio B) Composite Ratio</p>	<p>C) Revenue Statement Ratio D) Income statement ratio</p>

<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>51) Liquidity ratios</p> <p>A) Capital gearing ratio, Debt-Equity ratio and Proprietary r B) Liquid ratio and Current ratio</p>	<p>C) Stock turnover ratio; Debtors turnover ratio D) Return on investments, Return on equity capital</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>52) Leverage ratios</p> <p>A) Capital gearing ratio, Debt-Equity ratio and Proprietary r B) Liquid ratio and Current ratio</p>	<p>C) Stock turnover ratio; Debtors turnover ratio D) Return on investments, Return on equity capital</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>53) Activity ratios</p> <p>A) Capital gearing ratio, Debt-Equity ratio and Proprietary r B) Liquid ratio and Current ratio</p>	<p>C) Stock turnover ratio; Debtors turnover ratio D) Return on investments, Return on equity capital</p>
<p>Chp No : 3      Name : RATIO ANALYSIS &amp; INTERPRETATION</p> <p>54) Coverage ratios</p> <p>A) Capital gearing ratio, Debt-Equity ratio and Proprietary r B) Liquid ratio and Current ratio</p>	<p>C) Dividend Payout, Debt Service D) Return on investments, Return on equity capital</p>
<p>Chp No : 4      Name : WORKING CAPITAL MANAGEMENT</p> <p>55) The total Current Assets without deducting the Current Liabilities.</p> <p>A) Gross Working Capital B) Permanent Working Capital</p>	<p>C) Net Working Capital D) Temporary Working Capital</p>
<p>Chp No : 4      Name : WORKING CAPITAL MANAGEMENT</p> <p>56) Current Assets - Current Liabilities</p> <p>A) Gross Working Capital B) Permanent Working Capital</p>	<p>C) Net Working Capital D) Temporary Working Capital</p>
<p>Chp No : 4      Name : WORKING CAPITAL MANAGEMENT</p> <p>57) When Cash is received against overdraft from bank</p> <p>A) There is an increase in Net Working Capital B) There is an increase in Gross Working Capital</p>	<p>C) There is an increase in both the Gross and the Net Worki D) There is no effect on both the Gross and the Net Workin</p>
<p>Chp No : 4      Name : WORKING CAPITAL MANAGEMENT</p> <p>58) The minimum amount of Working Capital required to enable the concern to opeFate at the lowest level of activity</p> <p>A) Gross Working Capital B) Permanent Working Capital</p>	<p>C) Net Working Capital D) Temporary Working Capital</p>
<p>Chp No : 4      Name : WORKING CAPITAL MANAGEMENT</p> <p>59) Permanent Working Capital is also known as</p> <p>A) Net Working Capital B) Gross Working Capital</p>	<p>C) Fixed Capital D) Core Working Capital</p>
<p>Chp No : 4      Name : WORKING CAPITAL MANAGEMENT</p> <p>60) When activity is at higher level, the concern needs more working capital, which is known as</p> <p>A) Gross Working Capital B) Permanent Working Capital</p>	<p>C) Net Working Capital D) Temporary Working Capital</p>

Chp No : 4	Name : WORKING CAPITAL MANAGEMENT
61) Cash Working Capital includes	
A) Fixed assets less depreciation B) Debtors at sales less profit margin	C) Creditors at purchase cost less profit margin D) Creditors at purchase cost
Chp No : 4	Name : WORKING CAPITAL MANAGEMENT
62) The amount of funds invested in current assets is called	
A) net working capital B) gross working capital	C) surplus capital D) Total current assets
Chp No : 4	Name : WORKING CAPITAL MANAGEMENT
63) Under the gross working capital concept the working capital is equal to	
A) Total current liabilities B) Total current assets	C) Surplus current assets D) gross working capital
Chp No : 4	Name : WORKING CAPITAL MANAGEMENT
64) The term net working capital refers to	
A) The excess of the current assets over current liabilities B) The liquid assets	C) The total current assets less provisions D) Surplus current assets
Chp No : 4	Name : WORKING CAPITAL MANAGEMENT
65) .....will ensure high return on investment.	
A) Surplus working capital B) Adequate working capital	C) Shortage of working capital D) The liquid assets
Chp No : 4	Name : WORKING CAPITAL MANAGEMENT
66) Gross working capital means	
A) Total assets B) Total current liabilities	C) Current assets minus current liabilities D) Total current assets
Chp No : 4	Name : WORKING CAPITAL MANAGEMENT
67) .....refers to idle funds which earns no return.	
A) Excess working capital B) Fixed working capital	C) Variable working capital D) Shortage of working capital
Chp No : 4	Name : WORKING CAPITAL MANAGEMENT
68) Shortage of working capital may result in .....	
A) Poor Credit standing B) More Cash Discount	C) More Trade Discount D) Vaible working Capital
Chp No : 4	Name : WORKING CAPITAL MANAGEMENT
69) Which of the following is not a factor that affects the composition of the working capital ?	
A) Nature of business B) Tax structure of the company	C) Nature of raw materials used D) Process technology used
Chp No : 4	Name : WORKING CAPITAL MANAGEMENT
70) If the net working capital is negative then it indicates that	
A) Long-term funds have been used for financing short-ter B) Long-term funds have been used for financing long-term	C) Short-term funds have been used for financing long-ter D) Short-term funds have been used for financing short-ter

<p>Chp No : 4      Name : WORKING CAPITAL MANAGEMENT</p> <p>71) Net operating cycle period is</p> <p>A) The period from raw material procurement to sale of finished goods B) The length of time taken for a rupee invested in current assets C) The time taken to convert raw materials into finished goods D) The time between payment of raw material purchases and sales</p>	
<p>Chp No : 4      Name : WORKING CAPITAL MANAGEMENT</p> <p>72) The duration of the net operating cycle can be reduced by</p> <p>A) Increasing the time available for payments to creditors B) Decreasing the raw material storage period C) Decreasing the work-in-progress period D) Increasing the work-in-progress period</p>	
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>73) The payback period is the period</p> <p>A) A project takes to pay back the loan taken to purchase the asset B) Equal to the useful life of the machines C) A project takes to recover its initial cash outflow. D) Over which the project will be getting operating cash inflows</p>	
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>74) Capital budgeting is the process of making investment decisions for</p> <p>A) Capital expenditure B) Revenue expenditure C) Deferred revenue expenditure D) Revenue Income</p>	
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>75) Under if the present value of future cash flow is higher than the initial cash outlay, the project is selected otherwise rejected.</p> <p>A) Net present value method B) Accounting rate of return method C) Payback period method D) Discounted payback</p>	
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>76) An engineering project involves an initial investment of 2,00,000 and will give an annual cash inflow of 40,000 for 8 years. Find out payback period.</p> <p>A) 5 years B) 6 years C) 8 years D) 4 years</p>	
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>77) The number of years taken by a project to recover the initial investment is called</p> <p>A) Payback period B) Investment period C) Profit period D) Payback Profitability</p>	
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>78) In payback period method, the annual cash inflow means</p> <p>A) Net income after tax B) Net income before tax C) Net income before depreciation but after tax D) Net income after tax and depreciation</p>	
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>79) If the annual cash inflows are not constant, the payback period is calculated by taking</p> <p>A) Average cash flows B) Total cash flows C) Cumulative cash inflows D) Payback Profitability</p>	
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>80) In payback period method, the project which.....is recommended for investment.</p> <p>A) Takes short payback period B) Takes very long payback period C) Yields highest rate of return D) is having longer life</p>	



<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>81) The expenditures incurred on fixed assets are expected to give return over</p> <p>A) One year      C) Number of years B) Two years      D) Five years</p>
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>82) According to capital budgeting means "a long-term planning for making and financing proposed capital outlays."</p> <p>A) C.T. Horngren      C) Eric Helfert B) John J. Hampton      D) A.S. John</p>
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>83) A sound capital expenditure decision will of a company.</p> <p>A) Decrease the profit      C) Increase overall growth B) Increase sales      D) Increase in Profit</p>
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>84) Which of the following methods can not be used for evaluating capital budget decisions?</p> <p>A) Payback period method      C) NPV method B) Average rate of return method      D) Weighted Average Method</p>
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>85) Which factor is given utmost importance under payback period method?</p> <p>A) Liquidity      C) Time value of money B) Flexibility      D) Profitability</p>
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>86) The term average annual profit refers to</p> <p>A) Average profit before depreciation and tax      C) Average profit after depreciation and tax till payback period B) Average profit after depreciation but before tax      D) Average profit after depreciation and tax over the life of</p>
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>87) In case of a project having equal annual inflows, the payback period can be calculated as</p> <p>A) Cost of investment ÷ Total Cash inflows      C) Cost of investment ÷ Annual Cash inflows B) Cost of investment ÷ No. of years of useful life of machine      D) Total Cash Inflows less Cost of Investment</p>
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>88) Pay-Back Profitability</p> <p>A) Total Cash Inflows ÷ Cost of Investment      C) Cost of investment less Annual Cash inflows B) Cost of investment ÷ Annual Cash inflows      D) Total Cash Inflows less Cost of Investment</p>
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>89) The average profits for computing the average rate of returns from a new machine</p> <p>A) Cumulative Cash Inflows ÷ No. of years of useful life of machine      C) Cumulative Net profit after tax ÷ No. of years of useful life B) Cumulative Net profit after tax ÷ Cost of investment      D) Cumulative Net profit after tax ÷ pay-back period</p>
<p>Chp No : 5      Name : CAPITAL BUDGETING</p> <p>90) The average capital for computing the average rate of returns from a new machine</p> <p>A) Net cost of machine + Salvage value of machine + Initial working capital      C) (Net cost of machine + 2) - Salvage value of machine + Initial working capital B) (Net cost of machine + 2) + Salvage value of machine + Initial working capital      D) (Net cost of machine + 2) + Salvage value of machine - Initial working capital</p>

Chp No : 5

Name : CAPITAL BUDGETING

91) Net Present Value of a machine

A) PV of Cash Inflows Less Cost of Investment

B) PV of Cash Inflows+Cost of Investment

C) PV of Net profit after tax Less Cost of Investment

D) PV of Cash Inflows Less Average Cost of Investment

Chp No : 5

Name : CAPITAL BUDGETING

92) Profitability Index

A) PV of Cash Inflows Less Cost of Investment

B) PV of Cash Inflows+PV of Cash Outflows

C) (Net cost of machine+2)+Salvage value of machine+Initial

D) Total Cash Inflows less Cost of Investment