

1. If a company does the revaluation its fixed assets, the current ratio of the company will-
- - a. Improve if assets are revalued upward
  - b. Remain unaffected
  - c. Improve if assets are revalued downwards
  - d. Undergo change only if liabilities are remaining constant
  - e. Undergo change only if liabilities are moving upward

**Answer :- Remain unaffected**

2. Tangible net worth is calculated as
- a. Capital + Reserves
  - b. Capital + Reserves – Intangible Assets
  - c. Capital + Fictitious Assets + Reserves – Intangible assets
  - d. Capital + Reserves – (Fictitious Assets & intangible assets)
  - e. Capital + Fictitious Assets + Reserves + Profits – Intangible assets

**Answer :- Capital + Reserves – (Fictitious Assets & intangible assets)**

3. Long term sources - long term uses is known as
- a. NWC
  - b. Working capital Gap
  - c. Gross working capital
  - d. Current assets
  - e. Current Liabilities

**Answer :- NWC**

4. Assets which are acquired for long-term use in the business are known as-----
- a. Current asset
  - b. Non-Current Asset
  - c. Fixed Asset
  - d. Intangible Asset
  - e. Fictitious Asset

**Answer :- Fixed Asset**

5. \_\_\_\_\_ assets represent the enterprise's short-term use of its funds.
- a. Current asset
  - b. Non-current asset
  - c. Fixed asset
  - d. Intangible asset
  - e. Fictitious Asset

**Answer :- Current asset**

6. Liquid assets are part of the \_\_\_\_\_ assets.

- a. Current asset
- b. Non-current asset
- c. Fixed asset
- d. Intangible asset
- e. Stock

**Answer :- Current asset**

7. It is usually possible to see how an enterprise has obtained its finance by looking at the \_\_\_\_\_ on its balance sheet.

- a. All Liabilities
- b. Assets
- c. Current asset
- d. Capital
- e. Long Term Liabilities only

**Answer :- All Liabilities**

8. Bank overdrafts are working capital advances from banks and are classified as

- a. Fixed asset
- b. Current asset
- c. Long term liability
- d. Current liability
- e. Loans and advances

**Answer :- Current liability**

9. Current ratio is arrived at by

- a. Current assets- current liabilities
- b. Capital/ current assets
- c. Bank borrowing/ current assets
- d. Current assets/ current liabilities
- e. Current Liabilities/current Assets

**Answer :- Current assets/ current liabilities**

10. Prepaid expenses are shown as \_\_\_\_\_ in a balance sheet

- a. Current asset
- b. Current liability
- c. Long term debts
- d. Loss
- e. Non Current Assets

**Answer :- Current asset**

11. If current ratio is 1.5 and current liabilities are 60000. The Net working capital is

- a. 90000
- b. 120000
- c. 30000
- d. 60000
- e. 40000

**Answer :- 30000**

12. Which of the following is a current liability

- a. Trade debtors
- b. Provision for electric bill payment
- c. Machinery Loan
- d. Inventory
- e. Advance electricity bill paid

**Answer :- Provision for electric bill payment**

13. Book debts of the firm are \_\_\_ for the firm

- a. Term liability
- b. Current Liability
- c. Current Assets
- d. Fixed Assets
- e. Non Current Assets

**Answer :- Current Assets**

14. Short term assets or current assets means

- a. Items which are assets and undergo change in 12 months
- b. Items which are to be paid in 12 months
- c. which attract depreciation
- d. They are long term in nature
- e. Used for more than 12 months

**Answer :- Items which are assets and undergo change in 12 months**

15. Which of the following is not an intangible asset

- a. Good will
- b. Preoperative expenses
- c. Debit balance in P/L account
- d. Prepaid Expenses
- e. Patents

**Answer :- Prepaid Expenses**

16. Total Current Asset are also known as ---

- a. Short term sources of funds
- b. Net working capital
- c. Gross working capital
- d. Long term uses of fund
- e. Working Capital gap

**Answer :- Gross working capital**

**17. Find the incorrect one about Bank guarantees...**

- a. Off balance sheet items
- b. Contingent liabilities
- c. Non fund-based limits
- d. On Balance sheet exposure
- e. Will not come in balance sheet

**Answer :- On Balance sheet exposure**

**18. Term Loans are provided for:**

- a. Meeting capital cost of the project
- b. Funding promoters' contribution
- c. Meeting working capital needs of the enterprise
- d. For procuring raw material
- e. Meeting working capital Gap of the enterprise

**Answer :- Meeting capital cost of the project**

**19. Working Capital Gap means:**

- a. Excess of Current Assets over Current Liabilities
- b. Excess of Current Assets over Current Liabilities other than bank borrowings
- c. Excess of Current Assets over Current Liabilities including working Capital term loan
- d. Total Assets-Current Liabilities
- e. Excess of Current Assets over Current Liabilities other than term liabilities

**Answer :- Excess of Current Assets over Current Liabilities other than bank borrowings**

**20. Which of the following statements is false?**

- a. Investments in shares and advances to other firms, not connected with the business is included in current assets
- b. Investments in shares and advances to other firms, not connected with the business is excluded from current asset
- c. Advances to other firms connected with the business included in the loans and advances
- d. Investments in shares of other firms is included in "investments" and shown in Balance Sheet at assets side

- e. Investments in shares of other firms is included in "investments" and shown in Balance Sheet at Liability Side

**Answer :- Investments in shares and advances to other firms, not connected with the business is included in current assets**

**21. Assets which are acquired for Short-term use in the business are known as-----**

- a. Current asset
- b. Non-Current Asset
- c. Fixed Asset
- d. Intangible Asset
- e. Fictitious Asset

**Answer :- Current asset**

**22. Which one of the following statements does not speak appropriate about net working capital?**

- a. Excess of current assets over current liability is called net working capital (NWC)
- b. The greater the amount of net working capital (NWC), the more would be the liquidity of the enterprise
- c. The greater the amount of bank borrowing for financing current assets, the more would be the liquidity of the enterprise
- d. Net working capital is financed through equity as well as debt sources.
- e. Net working capital is affected by increase in capital infusion

**Answer :- The greater the amount of bank borrowing for financing current assets, the more would be the liquidity of the enterprise**

**23. The relationship between the owned funds and the borrowed funds of the enterprises is depicted by**

- a. Current ratio
- b. Quick ratio
- c. Debt Equity ratio
- d. Profitability ratio
- e. Capital ratio

**Answer :- Debt Equity ratio**

**24. When the business is dependent heavily upon borrowed money and trade creditors the situation is called\_\_\_\_\_:**

- a. Over capitalization
- b. Under capitalization
- c. High gearing
- d. Low propensity

- e. Balanced capitalization

**Answer :- Under capitalization**

25. In the balance sheet of a company, the income accrued and not received is shown as .....

- a. Current liability
- b. Current asset
- c. Net worth
- d. TNW
- e. Non Current Assets

**Answer :- Current asset**

26. Balance sheet of a borrower shows prepaid expenses of Rs.1 lac, preliminary expenses of Rs.2 lac, Losses not written-off Rs.2 lac, goodwill of Rs.3 lac. The amount of intangible assets would be

- a. 6
- b. 7
- c. 8
- d. 5
- e. 2

**Answer :- 7**

27. For a company financial statement comprises of

- a. Balance sheet
- b. Operating statement
- c. Cash flow statement
- d. auditors report
- e. All of the above

**Answer :- All of the above**

28. Pre-operative expenses is a part of

- a. Current asset
- b. Intangible asset
- c. Non-current asset
- d. Net worth
- e. Fixed Assets

**Answer :- Intangible asset**

29. Which of the following are not a part of non-current asset

- a. Investment in subsidiary
- b. slow moving stock

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- c. Damaged stock
- d. Security Deposit to electricity companies
- e. Advance rent Paid

**Answer :- Advance rent Paid**

**30. Under which section of companies act 2013 financial statements definition has been given ?**

- a. Section 1
- b. Section 2
- c. Section 5
- d. Section 6
- e. Section 7

**Answer :- Section 2**