

PG TRB COMMERCE – 2019

UNIT TEST 1 TO 4

MARKETING AND MANAGEMENT ACCOUNTING

1. The word “Market” is derived from the _____ word.
 A) French B) Greek C) Latin D) German
2. Which of the following statement is not true?
 A) Marketing is an art as well as science
 B) Marketing is a Social and Economic process
 C) Modern Marketing begins with the Customers and before production
 D) Conventional Marketing is consumer oriented
3. Statement I: Marketing is concerned with the people and the activities involved in the flow of goods and services from the retailer to the consumer.
 Statement II: Marketing is the business process by which products are matched with market and through which transfers of ownership are effected.
 A) Statement I is correct B) Both the Statements are correct
 C) Statement I is incorrect D) Both the Statements are incorrect
4. Match List I correctly with Match II
 a) Social marketing - 1) E.J. Kelly
 b) Functional approach - 2) Philip Kotler
 c) De-marketing - 3) L.D.H. Weld
 d) Meta marketing - 4) Kotler and Levy
 A) 2,3,4,1 B) 3,4,2,1 C) 1,3,2,4 D) 3,4,1,2
5. Consider the following statements. State whether they are true or false:
 I) Marketing through various advertising media is called indirect marketing
 II) Marketing concept in reverse is called re-marketing.
 III) Generated increased sales by ignoring quality control, production efficiency and/or cash flow management is called over marketing
 IV) High technology services offered to customers in augmented marketing
 A) True, False, False, True B) False, False, True, True
 C) True, False, True, False D) False, True, False, True
6. To focus all scientific, social, ethical and managerial experience on marketing is called
 A) Social marketing B) Direct marketing
 C) Indirect marketing D) Meta marketing
7. “Consumers will favour those products that are widely available and high in cost”, this concept is called as
 A) Product B) Social C) Production D) None of these

16. Which of the following statement is not true?
A) Marketing mix is used to describe the combination of the four inputs
B) Marketing mix is the policy adopted by the wholesalers
C) Price is the key element in the marketing mix
D) The term price denotes deciding the price of a product
17. Direct Mail is comes under the
A) Product B) Price C) Place D) Promotion
18. Which of the following is not related in four inputs of marketing mix?
A) Product B) Price C) Promotion D) Purchase
19. Market segmentation appeared with new concept of marketing in _____.
A) 1920 B) 1930 C) 1940 D) 1947
20. Market segment is
A) Market oriented philosophy B) Competitors oriented philosophy
C) Sales oriented philosophy D) Customers oriented philosophy
21. The total heterogeneous market for a product and dividing it into several sub-markets is called as
A) Market Segmentation B) Marketing Mix C) Product Mix D)Promotion mix
22. The company follows one product one segment principle is called as
A) Concentrated Marketing B) Market Aggregation
C) Differentiated Marketing D) Undifferentiated Marketing
23. Market aggregation is also called as
A) Concentrated Marketing B) Undifferentiated Marketing
C) Differentiated Marketing D) None of these
24. Market segmentation is also called as
A) Concentrated Marketing B) Undifferentiated Marketing
C) Differentiated Marketing D) None of these
25. The variable– personality, attitudes and values are considered in
A) Behavioural segmentation B) Demographic segmentation
C) Geographic segmentation D) Psychographic segmentation
26. The variable - Region, City Size, City Density, Climate are considered in
A) Behavioural segmentation B) Demographic segmentation
C) Geographic segmentation D) Psychographic segmentation
27. The variable – brand loyalty, product benefits, user status are considered in
A) Behavioural segmentation B) Demographic segmentation
C) Geographic segmentation D) Psychographic segmentation

28. Match List I correctly with Match II
- | | | |
|-------------------------------|---|----------------------|
| a) Geographic segmentation | - | 1) Occasions |
| b) Demographic segmentation | - | 2) Life style |
| c) Psychographic segmentation | - | 3) Family life cycle |
| d) Behavioural segmentation | - | 4) Rural/ Urban |
- A) 2,3,4,1 B) 4,3,1,2 C) 4,3,2,1 D) 3,4,2,1
29. Statement I: Consumer behaviour depends more on the benefit sought in product or service is called benefit segmentation.
Statement II: Market segmentation is a new concept introduced in 1947
- A) Statement II alone is incorrect B) Both the Statements are correct
C) Statement I alone is incorrect D) Both the Statements are incorrect
30. Which of the following statement is not false?
- A) Consumer behaviour is macro in nature
B) Demography is the study of human population
C) Consumption behaviour is micro in nature
D) AIOD refers to Attention, Interest, Opinion, and Demography
31. Which of the following factor to be considered for personal factor?
- A) Life cycle B) Status C) Perception D) Religion
32. Which of the following factor to be considered for cultural factor?
- A) Life cycle B) Status C) Perception D) Religion
33. Which of the following factor to be considered for social factor?
- A) Life cycle B) Status C) Perception D) Religion
34. Which of the following factor to be considered for psychological factor?
- A) Life cycle B) Status C) Perception D) Religion
35. Match List I correctly with Match II
- | | | |
|-------------------------|---|-----------------|
| a) Cultural factor | - | 1) Social class |
| b) Social factor | - | 2) Family |
| c) Psychological factor | - | 3) Learning |
| d) Personal factor | - | 4) Life cycle |
- A) 2,3,4,1 B) 1,2,3,4 C) 4,1,3,2 D) 3,4,2,1
36. Match List I correctly with Match II
- | | | |
|----------------------------------|---|------------------|
| a) Economic Theories | - | 1) Marshall |
| b) Psychological Theories | - | 2) Maslow |
| c) Psycho-analytic Theories | - | 3) Sigmund Freud |
| d) Social Psychological Theories | - | 4) Veblen |
- A) 2,3,4,1 B) 1,2,3,4 C) 4,1,3,2 D) 3,4,2,1

37. The buyer purchases all his needs from a single seller, selected from a few sellers is called as
 A) Concentrated buying B) Diversified buying
 C) Reciprocal buying D) Hand to Mouth buying
38. Under which type of buying, purchases are made strictly on the basis of current needs?
 A) Concentrated buying B) Diversified buying
 C) Reciprocal buying D) Hand to Mouth buying
39. The purchases are made from large number of sources is called as
 A) Concentrated buying B) Diversified buying
 C) Reciprocal buying D) Hand to Mouth buying
40. "If you buy from me, I buy from you" is comes under _____.
 A) Concentrated buying B) Diversified buying
 C) Reciprocal buying D) Hand to Mouth buying
41. Statement I: Diversified buying is also called as scattered buying
 Statement II: Forward buying is also known as speculative buying
 A) Statement II alone is correct B) Both the Statements are correct
 C) Statement I alone is incorrect D) Both the Statements are incorrect
42. Consider the following:
 i) Idea generation ii) Screening iii) Product development iv) Test Marketing
 v) Business analysis vi) Commercialization
 Find out the correct order of steps in new product planning:
 A) i), ii), v), iii), iv), vi) B) i), ii), v), iv), iii), vi)
 C) i), v), ii), iii), iv), vi) D) i), ii), iii), v), iv), vi)
43. Statement I: Product planning is the final stage for the entire marketing programme of a concern.
 Statement II: A product mix (also called product assortment) is the set of all product lines and items that a particular seller offers for sale to buyers.
 A) Statement II alone is incorrect B) Both the Statements are correct
 C) Statement I alone is incorrect D) Both the Statements are incorrect
44. Which of the following stage firms may find it difficult to meet the demand?
 A) Growth B) Introduction C) Maturity D) Saturation
45. Consider the following:
 i) Introduction ii) Growth iii) Saturation iv) Decline v) Maturity
 Find out the correct order of PLC:
 A) i), ii), v), iii), iv) B) i), ii), v), iv), iii)
 C) i), v), ii), iii), iv) D) i), ii), iii), v), iv)

46. Match List I correctly with Match II

- a) Rapid skimming strategy = 1) Higher price and high promotional expenses
 b) Slow skimming strategy = 2) Higher price but low promotional expenses
 c) Rapid Penetration strategy = 3) Low price and high promotional expenses
 d) Slow Penetration strategy = 4) Low price and low promotional expenses

A) 2,3,4,1 B) 1,2,3,4 C) 4,1,3,2 D) 3,4,2,1

47. Channel is derived from the _____ Word.

A) French B) Greek C) Latin D) German

48. VMS stands for

A) Vertical Management System B) Vertical Marketing System
 C) Vertical Market System D) Vertical Marketing Sales

49. Which of the following is not included in the functional middlemen?

A) Resident Buyers B) Auctioneers C) Warehousemen D) Retailer

50. Which of the following middlemen buy and sell their goods on their own account and risk?

A) Wholesaler B) Retailer C) Both A & B D) Agent

51. Which of the following is not an internal factor?

A) Organisational factors B) Marketing Mix
 C) Cost of the product D) Buyers

52. Which of the following is an external factor?

A) Organisational factors B) Marketing Mix
 C) Cost of the product D) Suppliers

53. Consider the following:

- i) Determine demand for the product ii) Anticipate and analyse the competitive reaction
 iii) Select pricing strategy iv) Consider company's marketing policies
 v) Establish expected share of the market vi) Set the price

Find out the correct order of procedure for price determination:

A) i), ii), v), iii), iv), vi) B) i), ii), v), iv), iii), vi)
 C) i), v), ii), iii), iv), vi) D) i), ii), iii), v), iv), vi)

54. Which of the following one is not a pricing policy?

A) Cost based B) Profit based C) Demand based D) Competition based

55. Which of the following pricing methods comes under based on costs?

A) Mark-up price B) Skimming pricing
 C) Penetration pricing D) Break-even pricing

56. Which of the following pricing methods not comes under based on costs?

A) Cost plus pricing B) Target returns pricing
 C) Going rate pricing D) Marginal pricing

63. Statement I: One which is intended to get quick response from the buyers is called indirect action advertising.
Statement II: One which seeks to stimulate the demand for the product advertised, not immediately, but over a long period of time is called direct action advertising.
- A) Statement II alone is correct B) Both the Statements are correct
C) Statement I alone is incorrect D) Both the Statements are incorrect
64. The advertising message is conveyed to the consumers through
A) Advertising Copy B) Budget C) Advertising Media D) Layout
65. Electric Display comes under
A) Indoor Advertising B) Outdoor Advertising
C) Direct Advertising D) Promotional Advertising
66. Sales letters comes under
A) Indoor Advertising B) Outdoor Advertising
C) Direct Advertising D) Promotional Advertising
67. Exhibitions comes under
A) Indoor Advertising B) Outdoor Advertising
C) Direct Advertising D) Promotional Advertising
68. Film advertising comes under
A) Indoor Advertising B) Outdoor Advertising
C) Direct Advertising D) Promotional Advertising
69. Which of the following is an element of advertisement copy?
A) Conviction value B) Honest C) Message D) Heart
70. Which of the following statement is not true?
A) Advertising copy refers to reading matter.
B) The written matter and message used by the advertiser to convey his desired idea is known as advertisement copy
C) In an advertisement copy, advertisement not including the words, sentences and figures
D) AIDAS concept is used in the advertisement copy
71. Which one of the following is not a technique of post testing?
A) Recognition test B) Enquiry test
C) Copy test D) Sales results test
72. The increases in employment opportunities for advertising is an advantages to
A) Manufacturers B) Customers C) Community D) Retailers
73. Which one of the following is not a consumer responsibility?
A) Consumer must exercise his rights B) Cautious consumers
C) Do not buy in hurry D) None of these

74. Which of the following statement is not true?
A) Consumer Protection Act seeks to secure the rights of a consumer against unfair or restrictive trade practices.
B) Mahatma Gandhi voiced consumerism is a shame of marketing.
C) A consumer has the right to safety against such goods and services as are hazardous to his health, life and property.
D) Consumer Protection Act was passed in the year 1986, w.e.f. 15.04.1987
75. WWW refers to
A) World Wide Web B) Wholesaler Wide Web
C) World Wide Website D) World Wire Web
76. The concept of Management Accounting was first used in
A) 1961 B) 1950 C) 1986 D) 1993
77. Basic objectives of Management Account is
A) To ascertain profit or loss
B) To settles disputes between Management and Workers
C) To report to different levels of management on performance
D) None of these
78. Which of the following techniques is not used in management accounting?
A) Budgetary Control B). Standard Costing
C) Marginal Costing D) None of these
79. Which of the following statement is not true?
A) Management accounting is the latest branch of accounting.
B) Management accounting has a limited scope than cost accounting
C) Management accounting is a sub field of accounting
D) Reports are prepared under management accounting for whenever required
80. Which of the following statement is not false?
A) Costs are recorded before being incurred is called historical cost accounting
B) Auditing of management account is compulsorily
C) The process of making information available for management is integrated and computed based known as Management Information System.
D) Marginal costing is not a technique of management accounting
81. Consider the following statements. State whether they are true or false
I) Financial statements are the end products of accounting process
II) Financial statements are primarily directed towards the needs of owners
III) Facts and figures presented in financial statement are not at all based on personal judgements.
IV) Recorded facts are based on replacement cost
A) True, False, False, True B) True, True, False, False
C) True, False, True, False D) False, True, False, True

82. Which of the following one is not correctly matched?
- A) Gross profit = Sales – Cost of Goods sold
 B) Net profit = Gross profit – Operating expenses
 C) Sundry debtors = Amount receivable by the company
 D) Sundry creditors = Amount payable by the company
83. The financial statements of a business enterprise include
- A) Balance sheet B) Profit and Loss account
 C) Cash flow statement D) All the above
84. The most commonly used tools for financial analysis are
- A) Horizontal analysis B) Vertical analysis
 C) Ratio analysis D) All the above
85. An annual report is issued by a company to its
- A) Directors B) Auditors C) Shareholders D) Management
86. Balance sheet provides information about financial position of the enterprise
- A) At a point in time B) Over a period of time
 C) For a period of time D) None of the above
87. Comparative statements are also known as
- A) Internal analysis B) External analysis
 C) Vertical analysis D) Horizontal analysis
88. Which of the following statement is not true?
- A) The financial statements of a business enterprise include fund flow statement
 B) Cash flow statement is a tool of financial statement analysis
 C) In a common size statement each item is expressed as a % of some common base
 D) None of the above
89. Which of the following statement is not true?
- A) Common size statements and financial ratios are the two tools employed in vertical analysis
 B) Financial analysis helps an analyst to arrive at a decision
 C) Financial analysis is used only by the creditors
 D) Profit and loss account shows the operating performance of an enterprise for a period of time
90. Match List I correctly with Match II
- | | | |
|------------------------|---|-----------------------------------|
| a) External analysis | - | 1) Static analysis |
| b) Internal analysis | - | 2) Dynamic analysis |
| c) Horizontal analysis | - | 3) Unpublished records |
| d) Vertical analysis | - | 4) Published financial statements |
- A) 2,3,1,4 B) 1,2,3,4 C) 4,1,3,2 D) None of these

91. A limited company's sales has increased from 1,00,000 to 1,20,000. How does this appear in comparative income statement?
A) + 20% B) + 120% C) – 120% D) – 20%
92. A limited company's sales has increased from 1,00,000 to 1,20,000. How does this appear in trend analysis?
A) + 20% B) + 120% C) – 120% D) – 20%
93. In a common-size balance sheet, if the percentage of non-current assets is 66.67, what would be the percentage of current assets?
A) 33.33 B) 133.33 C) – 33.33 D) None of these
94. Expenses for a business for the first year was Rs.50,000. In the second year, it was increased to 55,000. What is the trend percentage in the second year?
A) +10 B) – 10 C) +110 D) – 110
95. Statement I: Financial statement analysis is carried out as per Government regulations.
Statement II: Analysis of financial statements is meant for deriving additional information for various interested parties.
A) Statement I is incorrect and Statement II is correct
B) Statement I is correct and Statement II is incorrect
C) Both the statements are incorrect D) Both the statements are correct
96. Statement I: Ratio analysis was founded by Alexander wall in the year 1906
Statement II: A ratio is a mathematical relationship between two items expressed in a quantitative form.
A) Statement I is incorrect and Statement II is correct
B) Statement I is correct and Statement II is incorrect
C) Both the statements are incorrect
D) Both the statements are correct
97. Which of the following statement is not false?
A) EPS is earnings per shareholder
B) Ratios are computed for the purpose of statutory requirements
C) High turnover ratio usually indicate managerial efficiency
D) Goodwill written off is an operating expenditure
98. Statement I: Ratios help in comparisons of a firm's results over a number of accounting periods as well as with other business enterprises.
Statement II: One ratios reflect both quantitative and qualitative aspects
A) Statement I is incorrect and Statement II is correct
B) Statement I is correct and Statement II is incorrect
C) Both the statements are incorrect
D) Both the statements are correct

99. Which of the following statement is not true?
A) Liquidity ratios are calculated to have indications about the short-term solvency of the business i.e. the firm's ability to meet its current obligations.
B) Current ratio is the proportion of current assets to current liabilities.
C) High turnover ratio indicates the inefficiency of the management
D) Debt equity ratio measures the relationship between long-term debt and equity
100. _____ ratios are a measure of the speed with which various accounts are converted into sales.
A) Activity B) Liquidity C) Debt D) Profitability
101. The ____ measures the activity of a firm's inventory.
A) Average collection period B) Inventory turnover
C) Liquid ratio D) Current ratio
102. The _____ ratios provide the information critical to the long-run operation of the firm.
A) Liquidity B) Activity C) Solvency D) Profitability
103. Which of the following is a technique of financial statement analysis?
A) Ratio Analysis B) Marginal Costing
C) Standard Costing D) Budgetary control
104. Current ratio is 3.5. Working capital is Rs.9,00,000. Calculate the amount of current assets.
A) 12,60,000 B) 1,26,000 C) 3,60,000 D) None of these
105. Stock is Rs.6,00,000; Liquid assets Rs.24,00,000; Quick ratio 2:1. Calculate Current ratio.
A) 1:2 B) 1.5:1 C) 2.5:1 D) Cannot be computed
106. Compute Stock Turnover Ratio from the following information
Net Sales Rs.2,00,000; Gross profit Rs. 50,000; Closing stock Rs.60,000;
Excess of closing stock over opening stock Rs.20,000
A) 2.5 times B) 3.75 times C) 3 times D) None of these
107. A trading firm's average stock is Rs.20,000 (Cost). If the stock turnover ratio is 8 times and the firm sells goods at a profit of 20% on sale, ascertain the profit of the firm.
A) Rs.32,000 B) Rs.40,000 C) Rs.26,666.67 D) None of these
108. Financial ratios can be expressed in terms of
A) Proportion B) Times C) Percentage D) Rupees
109. Turnover ratios can be expressed in terms of
A) Proportion B) Times C) Percentage D) Rupees
110. Profitability ratios can be expressed in terms of
A) Proportion B) Times C) Percentage D) Rupees

111. Statement I: Any transaction between a current account and another current account does not affect the funds.
Statement II: Any transaction involving a non-current assets and a long-term liability does not affect the funds.
A) Statement II alone is correct B) Both the Statements are correct
C) Statement I alone is incorrect D) Both the Statements are incorrect
112. The working capital fund affected by
Statement I: Transactions between the two current items or two long-term items
Statement II: Transactions between the current and long-term assets or liabilities
A) Statement II alone is correct B) Both the Statements are correct
C) Statement I alone is incorrect D) Both the Statements are incorrect
113. Which of the following statement is false?
A) An increases in CA results in increases in Working Capital
B) A decreases in CA results in decreases in Working Capital
C) An increases in CL results in increases in Working Capital
D) A decreases in CL results in increases in Working Capital
114. Gross profit Rs.1,00,000; Salary Rs.10,000; Rent Rs.5,000; Depreciation Rs.50,000, Calculate Funds from operations.
A) Rs.50,000 B) Rs.1,50,000 C) Rs.90,000 D) Rs.85,000
115. Net profit Rs.2,00,000; Salary Rs.20,000; Rent Rs.10,000; Depreciation Rs.50,000, Calculate Funds from operations.
A) Rs.1,50,000 B) Rs.2,50,000 C) Rs.1,80,000 D) Rs.1,70,000
116. Increase in working capital is a _____ of funds.
A) Sources B) Applications C) Either A nor B D) None of these
117. Sale of fixed asset is a _____ of funds.
A) Internal Sources B) External Sources
C) Either A or B D) None of these
118. Match List I correctly with Match II
a) Internal Sources - 1) Dividend paid
b) External sources - 2) Dividend received
c) Non-fund expenses item - 3) Depreciation
d) Applications of fund - 4) Depreciation Fund
A) 4,2,3,1 B) 2,4,3,1 C) 1,2,3,4 D) 1,4,3,2
119. An increase in the share premium account is
A) An application of funds B) An external source of funds
C) No flow of funds D) An internal source of funds
120. Sale of investments indicate
A) An external source of funds B) Application of funds
C) Change in current assets D) An internal source of funds

121. In cash flow statement the repayment of long term loans is
A) Operating activities B) Financing activities
C) Investing activities D) Application of funds
122. Funds from operation Rs.2,00,000; Increase in debtors Rs.20,000; Decrease in creditors Rs.10,000, Calculate Cash from operations.
A) Rs.2,30,000 B) Rs.1,70,000 C) Rs.2,10,000 D) Rs.1,90,000
123. Funds from operation Rs.2,00,000; Increase in debtors Rs.20,000; Increase in creditors Rs.10,000, Calculate Cash from operations.
A) Rs.2,30,000 B) Rs.1,70,000 C) Rs.2,10,000 D) Rs.1,90,000
124. Increase in the amount of debtors results in
A) decrease in cash B) increase in cash
C) No change in cash D) None of these
125. Dividend paid, under AS-3, is
A) Cash flow from financing activity
B) Cash flow from operating activity
C) Cash flow from investing activity D) None of the above
126. Statement I: Budgeting refers to the process of preparing in the budget.
Statement II: Forecast is an assessment of impossible future events.
A) Statement I is incorrect and Statement II is correct
B) Statement I is correct and Statement II is incorrect
C) Both the statements are incorrect D) Both the statements are correct
127. Statement I: Budget is planning of future events.
Statement II: Budget is the monetary or qualitative expression on business planning and policy in the future period of time.
A) Statement I is incorrect and Statement II is correct
B) Statement I is correct and Statement II is incorrect
C) Both the statements are incorrect D) Both the statements are correct
128. Which of the following is the classification of budgets according to time?
A) Current budget B) Sales budget
C) Purchase budget D) Production budget
129. Which of the following is the classification of budgets based on functions?
A) Fixed budget B) Flexible budget
C) Current budget D) Cash budget
130. Sales budget is a
A) Master budget B) Expenditure budget
C) Functional budget D) None of these
131. The term performance was originally used in
A) India B) USA C) UK D) None of these

132. A master budget is
A) Budget for Assets and Liabilities B) Budget of Profit or Loss
C) Budget for managerial remuneration
D) Budget for operations of the entire organisation
133. Control Ratios are calculated for
A) Comparison of actual performance with budgets
B) Planning of activities
C) Financial performance measurement
D) None of the above
134. Opening cash balance Rs.1,00,000; Estimated cash payments Rs.1,25,000; Estimated cash receipts Rs.1,50,000. Calculate closing cash balance.
A) Rs.85,000 B) Rs.75,000 C) Rs.35,000 D) None of these
135. Opening stock in units 14,000; estimated sales in units 30,000; desired closing stock in units 13,000. Calculate quantity of production.
A) 39,000 B) 19,000 C) 29,000 D) 11,000
136. Capital budgeting is also known as
A) Investment Decision Making B) Capital Expenditure Decision
C) Planning Capital Expenditure D) All of these
137. While evaluating the capital investment proposals, the time value of money is considered in the case of
A) Accounting Rate of Return Method B) Pay-back period method
C) Discounted cash flow method D) Non-discounted method
138. Which of the following is not considered for project appraisal under discounting methods?
A) Net Present Value B) Internal Rate of Return
C) Discounted Pay-back method D) Pay-back method
139. The rate of return at which the sum of discounted cash inflows is equal to the sum of discounted cash outflow is
A) Net Present Value B) Internal Rate of Return
C) Profitability Index D) Pay-back method
140. The sum of discounted cash inflows is divided by the sum of discounted cash outflow is
A) NPV B) IRR C) PI D) PBP
141. Which of the following statements is not correct?
A) Planning for investment in long-term assets is called capital budgeting
B) A project with high net present value is preferred
C) The method of ranking investments, which takes into account the accounting profit is called average rate of return.
D) Capital expenditure decisions are reversible

142. Statement I: The cut-off point refers to the point below which a project would be accepted.
Statement II: The Pay-back period method of project evaluation that consider the full serviceable life of the asset.
A) Statement I is incorrect and Statement II is correct
B) Statement I is correct and Statement II is incorrect
C) Both the statements are incorrect D) Both the statements are correct
143. Match List I correctly with Match II
- | | | |
|-----------------------|---|-----------------|
| a) NPV > 1 | - | 1) NPV positive |
| b) IRR | - | 2) NPV is nil |
| c) NPV < 1 | - | 3) NPV negative |
| d) Benefit cost Ratio | - | 4) NPV is zero |
- A) 1,2,3,4 B) 3,4,2,1 C) 1,3,2,4 D) 3,4,1,2
144. Statement I: Profitability index is also known as excess of present value index
Statement II: If the value of profitability index is greater than one the project would be accepted
A) Statement I is incorrect and Statement II is correct
B) Statement I is correct and Statement II is incorrect
C) Both the statements are incorrect D) Both the statements are correct
145. Investment Rs.10,00,000; Annual cash inflow Rs.2,00,000; Estimated life of a project 8 years. Calculate post pay-back period.
A) 8 years B) 4 years C) 5 years D) 3 years
146. Investment Rs.10,00,000; Present value of cash inflow Rs. 11,00,000. Calculate NPV.
A) Rs.1,00,000 B) Rs.11,00,000 C) Rs.21,00,000 D) Rs.10,00,000
147. Investment value is Rs.40,00,000. Total earnings Rs.12,00,000 per annum. Depreciation is Rs,2,00,000 per annum. Tax is Rs.2,00,000. Compute ARR on average investment value
A) 20% B) 30% C) 25% D) 40%
148. Net profit or loss of 5 years is as follows
- | | | | | | |
|------------------|--------|------------|--------|--------|--------|
| Year: | 2012 | 2013 | 2014 | 2015 | 2016 |
| Net Profit/Loss: | 40,000 | (-) 20,000 | 30,000 | 20,000 | 30,000 |
- Find out Average Rate of Return on original investment if the original investment is Rs.1,00,000.
A) 20% B) 10% C) 28% D) 14%
149. Zero base budgeting was first used by
A) UAE B) USA C) UK D) France
150. Zero base budgeting was originally developed by
A) Peter. A. Pyhrr B) Alexander Wall C) Peter Drucker D) Kotler

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