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Maximum Weight : 5

MCQ—ACCOUNTING FOR MANAGERIAL DECISIONS

Section II

[TO BE ATTACHED TO THE MAIN ANSWER-BOOK]

UG CBCSS INTERNAL EXAMINATION, JUNE 2026

DO NOT WRITE YOUR REGISTER NUMBER OR NAME ANYWHERE IN SECTION II OF THE QUESTION PAPER

*Answer **all** questions.*

All questions carry equal weight.

Put a tick mark [✓] in the column against the correct answer.

1. Vertical analysis is made to review and analyse the financial statements of _____ accounting period.

(A) One.

☐

(B) Two.

☐

(C) Three.

☐

(D) Four.

☐

2. The process of deriving conclusions from the analysis is commonly termed as _____.

(A) Analysis.

☐

(B) Conclusion.

☐

(C) Comparison.

☐

(D) Interpretation.

☐

3. When ratios are calculated from the financial statements of one year, it is known as _____.

(A) Horizontal analysis.

☐

(B) Vertical analysis.

☐

(C) Internal Analysis.

☐

(D) External analysis.

☐

4. Trend analysis is significant for :

(A) Forecasting and budgeting.

☐

(B) Profit planning.

☐

(C) Capital rationing.

☐

(D) None of the above.

☐

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5. The term financial ananlysis include both _____ and interpretation.
- | | | | |
|-----------------|--------------------------|--------------------|--------------------------|
| (A) Comparison. | ☐ | (B) Analysis. | ☐ |
| (C) Conclusion. | ☐ | (D) Constructions. | ☐ |
6. The asset, the amount of which can be realized within a period of one year are known as _____.
- | | | | |
|------------------------|--------------------------|--------------------|--------------------------|
| (A) Current liability. | ☐ | (B) Current asset. | ☐ |
| (C) Liquid liability. | ☐ | (D) Fixed asset. | ☐ |
7. The ratio which shows the relationship between borrowed funds and owners capital is _____.
- | | | | |
|----------------------------|--------------------------|------------------------|--------------------------|
| (A) Proprietary ratio. | ☐ | (B) Debt equity ratio. | ☐ |
| (C) Capital gearing ratio. | ☐ | (D) Fixed asset ratio. | ☐ |
8. The relationship between total outside liabilities and total assets can be indicated through _____.
- | | | | |
|----------------------------------|--------------------------|------------------------|--------------------------|
| (A) Fixed asset ratio. | ☐ | (B) Solvency ratio. | ☐ |
| (C) Fixed asset turn over ratio. | ☐ | (D) Proprietary ratio. | ☐ |
9. Stock and prepaid expenses are not included in _____.
- | | | | |
|------------------------|--------------------------|------------------|--------------------------|
| (A) Current asset. | ☐ | (B) Fixed asset. | ☐ |
| (C) Current liability. | ☐ | (D) Quick asset. | ☐ |
10. Cost of good sold+operating expenses = _____.
- | | | | |
|--------------------|--------------------------|----------------------|--------------------------|
| (A) Total cost. | ☐ | (B) Cost of product. | ☐ |
| (C) Cost of sales. | ☐ | (D) Operating cost. | ☐ |
11. Example of leverage ratio.
- | | | | |
|-----------------------|--------------------------|---------------------------|--------------------------|
| (A) Debtors velocity. | ☐ | (B) Stock turnover ratio. | ☐ |
| (C) Current ratio. | ☐ | (D) Solvency ratio. | ☐ |





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12. Stock turn over ratio is an example of _____.

(A) Liquidity ratio.

☐

(B) Leverage ratio.

☐

(C) Profitability ratios.

☐

(D) Activity ratios.

☐

13. The ratio which is used to ascertain the soundness of the long term financial position is _____.

(A) Debt equity ratio.

☐

(B) Liquidity ratio.

☐

(C) Activity ratio.

☐

(D) Gross profit ratio.

☐

14. The ratio which is a good indicator to maintain the correct selling price and efficiency of trading activity is _____.

(A) Net profit ratio.

☐

(B) Gross profit ratio.

☐

(C) Current ratio.

☐

(D) Liquid ratios.

☐

15. Debtors turnover ratio also known as _____.

(A) Payable turnover.

☐

(B) Receivable turnover ratio.

☐

(C) Creators turnover ratio.

☐

(D) Debtors velocity.

☐

16. The ratio which indicates how quickly debtors are converted into cash is _____.

(A) Receivable turnover ratio.

☐

(B) Inventory turnover ratio.

☐

(C) Working capital turnover ratio.

☐

(D) Creditors turnover ratio.

☐

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17. Lower stock turnover ratio indicates _____.

(A) Solvency position.

☐

(B) Monopoly situation.

☐

(C) Over investment in inventory.

☐

(D) None of these.

☐

18. Debt equity ratio is a _____.

(A) Profitability ratio.

☐

(B) Turnover ratio.

☐

(C) Short term solvency ratio.

☐

(D) Long term solvency ratio.

☐

19. Solvency ratio indicates _____.

(A) Credit worthiness.

☐

(B) Activity.

☐

(C) Profitability.

☐

(D) None of these.

☐

20. Current ratio is 4 : 1, the amount of current liabilities is Rs. 12,000 the amount of working capital is _____.

(A) Rs. 48,000.

☐

(B) Rs. 36,000.

☐

(C) Rs. 30,000.

☐

(D) Rs. 60,000.

☐

No. of MCQs attempted

Weight Scored

(To be entered by the examiner)

No. of MCQs not attempted

ATTACH SECTION II INTERNAL EXAMINATION MCQ PAPER WITH
THE MAIN ANSWER-BOOK

