

## Examrace

### Competitive Exams: Commerce MCQs (Practice\_Test 10 of 99)

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1. An investor while trading in a stock in the share market Lays greatest emphasis upon
  - a. earning before interest and tax
  - b. rate of return on equity
  - c. earning, price ratio
  - d. dividend price ratio
2. Which one of the following statements is true of bonus shares?
  - a. Bonus shares are issued to the promoters only
  - b. Bonus shares are issued only to the existing shareholders
  - c. Bonus shares are the shares issued to the employees of the company as an incentive
  - d. Bonus shares are issued at par value
3. Which one of the following is a leveraged buy-out?
  - a. When a company is taken over by financing through borrowed funds
  - b. When a company is taken over by the employees funds
  - c. When a lender takes over a company to whom it is indebted
  - d. When a company is bought out directly by buying its shares in the market
4. Profit from re-issue of forfeited shares should be transferred to
  - a. Profit and Loss Account
  - b. General Reserve
  - c. Share Premium Account
  - d. Capital Account.
5. The quotation that includes all charges for delivery of goods at the buyer's stated place is known as
  - a. Franco randu
  - b. Landed price

c. CIF price

d. FOB

6. Consider the following statements: In social accounting, the following are the measuring parameters

a. Value added statement

b. Employee turnover ratio

c. Saving in the foreign exchange

d. Capital output ratio

Which of these statements are correct?

a. 1 and 4

b. 1 and 2

c. 2,3 and 4

d. 1,2, 3 and 4

7. Which one of the following pairs is correctly matched?

a. Adjusted Profit and Loss Account 馃 Fund from operations

b. Proposed Dividend 馃 Current liability

c. Investment 馃 Current assets

d. Depreciation 馃 Inflow of fund

8. The main function of the Export Credit and Guarantee Corporation is

a. to provide clearing facility to exporters

b. to cover the risk related to exports

c. to act as a trade association

d. to finance directly the exports and imports

9. Consider the following

a. Preparation of Balance Sheet

b. Preparation of Funds Flow Statement

c. Preparation of Trial Balance

d. Preparation of Profit and Loss Account

The correct chronological sequence of the above in the preparation of periodical financial statement is

- a. 4,2, 3,1
  - b. 3,4, 1,2
  - c. 2,4, 3,1
  - d. 1,3, 2,4
10. The current assets to the current liabilities ratio is said to be satisfactory if it is
- a. 1: 2
  - b. 2: 1
  - c. 1: 1
  - d. 1.5: 1
11. Under which principle is the insurer entitled to succeed to all the rights of the insured regarding the subject matter of insurance after the claim of insurance has been fully and finally settled?
- a. Principle of indemnity
  - b. Principle of subrogation
  - c. Principle of insurance
  - d. Principle of causa proxima
12. The balance left in the capital accounts on dissolution of a firm is transferred to
- a. Realization Account
  - b. Profit and Loss Account
  - c. Bank Account
  - d. None of the above
13. Consider the following statements: The purposes of charging depreciation to the Profit and Loss Account are
- a. to provide for replacement of an asset
  - b. to ascertain true profit
  - c. to present real financial position
  - d. to arrive at the scrap value of the asset
- Which of these statements are correct?
- a. 1 and 4
  - b. 1 and 2

c. 1,2 and 3

d. 2,3 and 4

14. Insurable interest in a life Insurance Contract should be

a. at the time of contract

b. at the time of maturity

c. at the time of claim

d. at the time of surrender

15. One of the consequences of highly protective tariff walls would be that

a. foreign producers find their imports attractive

b. domestic producers sell exportable goods at a premium in the domestic market

c. foreign producers find their exports attractive

d. domestic producers find imports to be cheaper

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