

# **Tamil Nadu Electricity Board (TNEB) – Tamil Nadu Generation and Distribution Corporation Ltd (TANGEDCO)**



## **Financial and Cost Accountancy**

1. What is the main objective of financial accounting?

- [A] profit and loss account only
- [B] balance sheet only
- [C] both P & L account and balance sheet
- [D] trial balance only

Answer: Option [C]

2. According to which concept the owners are considered to be different from the business

- [A] business entity concept
- [B] going concern concept
- [C] money measurement concept
- [D] accounting period concept

Answer: Option [A]

3. According to which concept all the transactions are measurable in the terms of money are recorded in accounts?

- [A] business entity concept
- [B] going concern concept
- [C] money measurement concept
- [D] accounting period concept

Answer: Option [C]

4. While putting the value or price of an entity in financial records the lowest price is recorded not the current price or current market value. This is known as

- [A] Business Entity Concept
- [B] Conservatism
- [C] Expenditure Concept
- [D] Money Measurement Concept

Answer: Option [B]

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5. Which of the following is related to Scientific system of maintaining account?

- [A] single entry
- [B] double entry
- [C] contra entry
- [D] book entry

Answer: Option [B]

6. Interest earned is a

- [A] personal account
- [B] real account
- [C] nominal account
- [D] Intangible real account

Answer: Option [C]

7. Debit the receiver, credit the giver is rule for

- [A] personal account
- [B] tangible real account
- [C] nominal account
- [D] representative personal account

Answer: Option [A]

8. Which of the following defines outstanding salary account?

- [A] natural personal account
- [B] artificial personal account
- [C] representative personal account
- [D] real account

Answer: Option [C]

9. Investment is a

- [A] personal account

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- [B] real account
  - [C] nominal account
  - [D] representative personal account
- Answer: Option [B]

10. Trading account is a

- [A] personal account
  - [B] real account
  - [C] nominal account
  - [D] none of the above
- Answer: Option [C]

11. All revenue incomes are credited to

- [A] manufacturing account
  - [B] trading account
  - [C] profit and loss account
  - [D] none of the above
- Answer: Option [C]

12. Profit and loss account starts with

- [A] net profit
  - [B] net loss
  - [C] gross profit
  - [D] none of the above
- Answer: Option [C]

13. In profit and loss account, if debit is more than the credit, the difference is

- [A] net profit
- [B] net loss
- [C] gross profit
- [D] none of the above

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Answer: Option [A]

14. Assets which are acquired and held permanently and used in the business with the objective of making profits is known as

- [A] fixed assets
- [B] current assets
- [C] intangible assets
- [D] none of the above

Answer: Option [A]

15. Which of the following assets have definite physical share or identity and existence?

- [A] fictitious assets
- [B] current assets
- [C] tangible assets
- [D] intangible assets

Answer: Option [C]

16. Outstanding expenses is a

- [A] liability
- [B] income
- [C] asset
- [D] none of the above

Answer: Option [A]

17. Interest on capital is a business can be defined as

- [A] expense
- [B] income
- [C] liability
- [D] asset

Answer: Option [A]

18. The ratios which reflect managerial efficiency in handling the assets is

- [A] turnover ratios
- [B] profitability ratios

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[C] short term solvency ratio

[D] none of the above

Answer: Option [A]

19. Interest on capital is added with

[A] capital

[B] profit

[C] loss

[D] donation

Answer: Option [A]

20. The ratios which reveal the final result of the managerial policies and performance is

[A] turnover ratios

[B] profitability ratios

[C] long term solvency ratio

[D] none of the above

Answer: Option [B]

21. Which of the following matches with fixed assets ratio?

[A] short-term solvency ratio

[B] long-term solvency ratio

[C] profitability ratio

[D] turnover ratio

Answer: Option [B]

22. The ratio which determines the profitability from the shareholders point of view is

[A] return on investment

[B] gross profit ratio

[C] return on shareholders funds

[D] operating profit ratio

Answer: Option [C]

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23. Which ratio is calculated to ascertain the efficiency of inventory management in terms of capital investment?

- [A] stock velocity ratio
- [B] debtors velocity ratio
- [C] creditors velocity ratio
- [D] working capital turnover ratio

Answer: Option [A]

24. How the dividend is related to the market value of shares?

- [A] interest coverage ratio
- [B] fixed dividend coverage ratio
- [C] debt service coverage ratio
- [D] dividend yield ratio

Answer: Option [D]

25. The ratio which shows the proportion of profits retained in the business out of the current year profits is

- [A] retained earnings ratio
- [B] pay out ratio
- [C] earnings per share
- [D] None

Answer: Option [A]

26. Which ratio measures the number of times the receivables are rotated in a year in terms of sales?

- [A] stock turnover ratio
- [B] debtors turnover ratio
- [C] creditors velocity ratio
- [D] working capital turnover ratio

Answer: Option [B]

27. Current assets - current liabilities =

- [A] fixed capital

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- [B] working capital
  - [C] opening capital
  - [D] closing capital
- Answer: Option [B]

28. The ratio establishes the relationship between fixed assets and long-terms funds is

- [A] current ratio
  - [B] fixed assets ratio
  - [C] fixed assets turnover ratio
  - [D] debt equity ratio
- Answer: Option [B]

29. A high capital gearing ratio indicates

- [A] under capitalization
  - [B] over capitalization
  - [C] borrowed capital
  - [D] long term funds
- Answer: Option [A]

30. Low turnover of stock ratio indicates

- [A] solvency position
  - [B] monopoly situation
  - [C] overinvestment in inventory
  - [D] liquidity position
- Answer: Option [C]

31. All those assets which are converted into cash in the normal course of business within one year are known as

- [A] fixed assets
  - [B] current assets
  - [C] fictitious assets
  - [D] wasting assets
- Answer: Option [B]

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32. Any transaction between a current account and another current account does not affect

- [A] profit
- [B] funds
- [C] working capital
- [D] capital

Answer: Option [B]

33. Decrease in current asset

- [A] increases working capital
- [B] decreases working capital
- [C] decrease fixed capital
- [D] increase fixed capital

Answer: Option [B]

34. Decrease in current liability

- [A] increases working capital
- [B] decreases working capital
- [C] decreases fixed capital
- [D] ncreases fixed capital

Answer: Option [A]

35. Profit on sale of fixed assets is

- [A] non trading income
- [B] operating income
- [C] non trading gains
- [D] long term gain

Answer: Option [C]

36. In funds flow statement, funds from operations is

- [A] application of fund
- [B] source of cash
- [C] application of cash
- [D] source of fund

Answer: Option [D]



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37. In funds flow statement, outflow of funds on account of operations is

- [A] application of fund
- [B] source of cash
- [C] application of cash
- [D] source of fund

Answer: Option [A]

38. In adjusted P & L account, depreciation on fixed assets will be

- [A] debited
- [B] credited
- [C] ignored
- [D] deducted

Answer: Option [A]

39. In funds flow statement, repayment of long-term loans is

- [A] application of fund
- [B] source of cash
- [C] application of cash
- [D] source of fund

Answer: Option [A]

40. Cash flow analysis is based on the

- [A] capital
- [B] fixed assets
- [C] cash concept of funds
- [D] working capital

Answer: Option [C]