**ACC501 Business Finance**

**Online Solved Quiz No.2Fall 2020**

**1. Which of the following is a series of constant cash flows that occur at the end of each period for some fixed number of periods?**  
A. Ordinary annuity  
B. Annuity due  
C. Perpetuity  
D. None of the given options  
[Ordinary annuity.](https://vustudents.ning.com/)

**2. During the accounting period, sales revenue is Rs. 25,000 and accounts receivable increases by Rs. 8,000. What will be the amount of cash received from customers for the period?**  
A. Rs. 33,000  
B. Rs. 25,000  
C. Rs. 17,000  
D. Rs. 8,000  
Right Answer: 17,000

Ref: Amount of cash received = total revenue increased - account receivable increased  
= 25,000 - 8000 = 17,000.  
  
**3. The conflict of interest between stockholders and management is known as:**  
A. Agency problem  
B. Interest conflict  
C. Management conflict  
D. Agency cost  
Agency problem.  
  
**4. Which of the following form of business organization is least regulated?**  
A. Sole-proprietorship  
B. General Partnership  
C. Limited Partnership  
D. Corporation  
Sole-proprietorship.  
  
**5. Which of the following ratios are intended to address the firm’s financial leverage?**  
A. Liquidity Ratios  
B. Long-term Solvency Ratios  
C. Asset Management Ratios  
D. Profitability Ratios  
Long Term Solvency Measures  
· These ratios are intended to address the firm’s long-run ability to meet its obligations, or its financial leverage..  
  
**6. Balance Sheet is based upon which of the following formula?**  
A. Assets = Liabilities – Stockholder’s equity  
B. Assets + Liabilities = Stockholder’s equity  
C. Assets + Stockholder’s equity = Liabilities  
D. Assets = Liabilities + Stockholder’s equity  
Assets = Liabilities + Stockholder’s equity.  
  
**7. Quick Ratio is also known as:**  
A. Current Ratio  
B. Acid-test Ratio  
C. Cash Ratio  
D. None of the given options  
Acid-test Ratio.  
  
**8. Which of the following is a special case of annuity, where the stream of cash flows continues forever?**  
A. Ordinary Annuity  
B. Special Annuity  
C. Annuity Due  
D. Perpetuity  
[Perpetuity.](https://vustudents.ning.com/)  
  
**9. You just won a prize, you can either receive Rs. 1000 today or Rs. 1,050 in one year. Which option do you prefer and why if you can earn 5 percent on your money?**  
A. Rs. 1,000 because it has the higher future value  
B. Rs. 1,000 because you receive it sooner  
C. Rs. 1,050 because it is more money  
D. Either because both options are of equal value  
.  
**10. Which of the following ratios are particularly interesting to shortterm creditors?**  
A. Liquidity Ratios  
B. Long-term Solvency Ratios  
C. Profitability Ratios  
D. Market Value Ratios  
Liquidity Ratios.