

1. A company has inadvertently overstated in ending inventory. This will:
 - a. Increase the income of the succeeding year.
 - b. Decrease the income of the current year.
 - c. Have no effect on the income of the succeeding year.
 - d. Decrease the income of the succeeding year.
2. Project Engineering Ltd. has an adverse current ratio which one of the following would improve his ratio?
 - a. Sale of fixed assets for cash.
 - b. Collection of some of the current accounts receivables.
 - c. Use of cash to pay off some long-term debts.
 - d. Collection of sundry debtors.
3. Give that the current ratio is 2:1 if the net working capital is Rs. 60,600, then the amount of current liabilities would be
 - a. Rs. 30,300.
 - b. Rs. 60,600.
 - c. Rs. 1, 21,200.
 - d. Rs. 90,900.
4. If the present value of a cash flow generated by an initial investment of Rs.100, 000 is Rs.120,000, what is the NPV of the project?
 - a. Rs.120,000
 - b. Rs.20,000
 - c. Rs.100,000
 - d. None of the above
5. If net profit before taxation and interest was Rs. 95,000, depreciation for the year was Rs. 17,000, stock has decreased during the year by Rs. 7,000, debtors have increased by Rs. 11,000 and creditors have decreased by Rs. 4,000, what is the overall cash flow from operating activities?
 - a. Rs. 1,04,000
 - b. Rs. 1,12,000
 - c. Rs. 98,000
 - d. Rs. 1,34,000