

# VISHESH ACADEMY OF COMMERCE

DSS.33, OLD COURT COMPLEX, NEAR FAWARA CHOWK, HISAR

BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

CA FOUNDATION

TEST- (CHAPTER-6 COMMON BUSINESS TERMINOLOGIES)

Time: 1 Hrs.

Marks: 50

1. 4 P's of marketing are:

- |  |   |
|--|---|
| (a) Plan, Price, Production, Publicity | (b) Plan, Production, Place and Promotion |
| (c) Plan, Price, Product, Promotion    | (d) Product, Price, Place, Promotion      |

2. Bid is the opposite of-

- |               |          |
|---------------|----------|
| (a) Ask/Offer | (b) Call |
| (c) Equity    | (d) None |

3. The process of estimating future demand by anticipating what buyers are likely to do under a given set of marketing conditions:

- |                        |                        |
|------------------------|------------------------|
| (a) Cross Marketing    | (b) Forecasting        |
| (c) Market Development | (d) Internal Marketing |

4. Consolidation means:

- (a) Combination of two or more entities that occurs when entities transfer all their net assets to a new entity created for purpose
- (b) A security by an issuer
- (c) An option given to investor
- (d) Commission charged by the broker

5. "Personal selling" is done through:

- |                           |                        |
|---------------------------|------------------------|
| (a) Written Communication | (b) Oral Communication |
| (c) TV and Media          | (d) Sign Language      |

6. The number of units of given currency that can be purchased for one unit of another currency is called.

- |                   |                    |
|-------------------|--------------------|
| (a) Current Ratio | (b) Exchange Ratio |
| (c) Equity        | (d) Dividend       |

7. \_\_\_\_\_ is a road map of company's future.

- |               |          |
|---------------|----------|
| (a) Objective | (b) Goal |
| (c) Vision    | (d) Aim  |

8. When two or more companies come together to expand their business operations in a newly created entity.

- |                   |                 |
|-------------------|-----------------|
| (a) Joint Venture | (b) Acquisition |
| (c) Partnership   | (d) Merger      |

9. It is the amount of revenue from sales which exactly equals the amount of expense.

- |                      |                   |
|----------------------|-------------------|
| (a) Breakeven point  | (b) Total revenue |
| (c) Both (a) and (b) | (d) None of these |

10. Financially sound companies with paid dividend is known as?

- (a) Blue chip (b) Bonds  
(c) Debenture (d) None of the above

11. What is the meaning of arbitrage?

- (a) Buying & selling of different commodities  
(b) Simultaneous buying & selling of identical commodities  
(c) Only buying of identical commodities  
(d) Selling of identical commodities only

12. \_\_\_\_\_ is the reduction in the price of goods given to encourage sale on cash base.

- (a) Cash discount (b) Trade discount  
(c) Both (a) & (b) (d) None of these

13. Asset which can be replaced within a year into cash.

- (a) Fixed (b) Intangible  
(c) Current (d) Non-current

14. With what IPO is related to?

- (a) Companies first issue to general public (b) Rights issue of the company  
(c) Both (a) & (b) (d) None of these

15. Shares of a company listed on stock exchange are:

- (a) Securities (b) Listed shares  
(c) Debentures (d) Bonds

16. \_\_\_\_\_ involves charging a relatively high price for a short period of time.

- (a) Price skimming (b) Price sensitivity  
(c) USP (d) Holding price

17. The lowest price at which an owner is willing to sell his security is:

- (a) Bid (b) Ask  
(c) Cap (d) Sale value

18. An economic resource that is expected to be of benefit in future is called:

- (a) Asset (b) Liability  
(c) Capital (d) Loan

19. The lowest price at which an owner is willing to sell his security is:

- (a) Ask (b) Call  
(c) Put (d) Book value

20. Market situation where stock price are falling consistently:

- (a) Stag (b) Bear  
(c) Bull (d) Badla

21. Market situation where one expects a rise in price so that he can later sell at a high price:

- (a) Stag (b) Bear  
(c) Bull (d) Badla

22. The riskiness inherited in firm's operations if it uses no debt:

- (a) Business risk (b) Beta  
(c) Market risk (d) Zero risk

23. Option to buy a security is:

- (a) Call option (b) Put option  
(c) Hedging (d) Arbitrage

24. Commercial papers are:

- (a) A type of long term promissory note  
(b) Transferable certificate of ownership of investment  
(c) Bond that pays no annual interest but sold at discount and redeemed at par  
(d) Unsecured, short term promissory note of large firms usually issued in denominations of Rs. 1,00,000 or more

25. Business combination of two or more entities that occurs when the entities transfer their net assets to a new entity created for that purpose:

- (a) Demerger (b) Consolidation  
(c) Joint Venture (d) None of these

26. Stock that provides constant dividends and stable earnings over a period of economic down turn also:

- (a) Aggressive stock (b) Debenture  
(c) Defensive stock (d) Bond

27. Security whose price is derived from one or more underlying assets:

- (a) Shares (b) Debentures  
(c) Bonds (d) Derivatives

28. Company's first issue of shares to general public:

- (a) FPO (b) IPO  
(c) Liquidation (d) Internet trading

29. P/E ratio is calculated as:

- (a) MPS / EPS (b) EPS / MPS  
(c) Earning / No. of shares (d) Any of these

30. Price at which the holder of an option can buy or sell the security they hold when the option is executed:

- (a) Premium amount (b) Strike Price  
(c) Face Value (d) Market Price

31. Rate of return earned on a bond if it is called before maturity:

- (a) YTM (b) MTM  
(c) Dividend (d) Capital gain

32. A reduction in the price of goods given to encourage sale on cash basis:

- (a) Trade Discount (b) Commission  
(c) Cash Discount (d) Sales Discount

33. A marketing activity directed from one business to another:

- (a) B2B (b) B2C  
(c) C2B (d) C2C

34. Company that has control over a certain market:

- (a) Market leader (b) Market Follower  
(c) Mass marketing (d) Market segment

35. Pricing strategy that involves setting lower prices in order to discourage potential new entrants to suppliers market:

- (a) Penetration Policy (b) Skimming  
(c) Pre-Emptive Pricing (d) Market Price

36. A skill, resource or other advantage that firm has relative to its competitors that is important to serving the needs of customer in market place:

- (a) Strength (b) Weakness  
(c) Opportunity (d) Threat

37. Limitation or lack of skills in effective performance:

- (a) Strength (b) Weakness  
(c) Opportunity (d) Threat

38. Limit that regulates the increase or decrease in the rate of interest and installment of an adjustable rate mortgage:

- (a) Cap (b) Floor  
(c) Collar (d) Shoe

39. Creates of trust who takes the responsibility of repayment of loan:

- (a) Investor (b) Guarantor  
(c) Borrower (d) Cashier

40. Economic insolvency, where in person's assets are liquidated:

- (a) Bankruptcy (b) Amalgamation  
(c) Demerger (d) Bad debt

41. PESTLE stands for:

- (a) Political, Environmental, Social, Technological, Legal, Environmental.  
(b) Political, Ecological, Structural, Technical, Legal, Environmental.  
(c) Policy, Environment, Social, Teamwork, Legal, Environmental.

42. Which of the following is Return on investment?

- (a) Dividend (b) Interest  
(c) Yield (d) None of the above

43. When two companies come together to expand their business operation in a newly created entity.

- (a) Merger (b) Partnership  
(c) Acquisition (d) Joint Venture

44. The opposite of bid is \_\_\_\_\_.

- (a) Ask/Offer (b) Call  
(c) Purchase (d) None of the above

45. Bull Market is called

- (a) A market in which stock price is increasing consistently  
(b) A market in which stock price is decreasing consistently

- (c) Both (a) and (b)  
(d) None of the above

46. Personal selling is done through

- (a) Sign language (b) Social Media  
(c) Written Communication (d) Oral Communication

47. An economic resource that is expected to be of benefit in future is called:

- (a) Asset (b) Liability  
(c) Capital (d) Loan

48. The lowest price at which an owner is willing to sell his security is:

- (a) Ask (b) Call  
(c) Put (d) Book value

49. Market situation where stock price are falling consistently:

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50. Market- situation where one expects a rise in price so that he can later sell at a high price:

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## Answers:

1	2	3	4	5	6	7	8	9	10
D	A	B	A	B	B	C	D	A	A
11	12	13	14	15	16	17	18	19	20
B	A	C	A	B	A	B	A	A	B
21	22	23	24	25	26	27	28	29	30
C	A	A	D	B	C	D	B	A	B
31	32	33	34	35	36	37	38	39	40
A	C	A	A	C	A	B	A	B	A
41	42	43	44	45	46	47	48	49	50
A	C	A	A	A	D	A	A	B	C