

# QB365 Question Bank Software Study Materials

## Sources of Business Finance 50 Important 1 Marks Questions With Answers (Book Back and Creative)

11th Standard

Commerce

Total Marks : 50

### Multiple Choice Question

50 x 1 = 50

- 1) What is defined as the provision of money at the time when it is required?  
**(a) Finance** (b) Bank (c) Cash Management (d) None of these
- 2) Internal sources of Capital are those that are \_\_\_\_\_  
(a) generated through outsiders such as suppliers (b) generated through loans from commercial banks  
(c) generated through issue of shares **(d) generated within the business**
- 3) Debenture holders are entitled to a fixed rate of \_\_\_\_\_.  
(a) Dividend (b) Profits **(c) Interest** (d) Ratios
- 4) Public deposits are the deposits which are raised directly from \_\_\_\_  
**(a) The public** (b) The directors (c) The auditors (d) The owners
- 5) Equity shareholders are the \_\_\_\_\_ of a company  
(a) Creditors **(b) Owners** (c) Debtors (d) Employees
- 6) Funds required for purchasing current assets is an example for \_\_\_\_  
(a) Fixed Capital requirement (b) Ploughing back of profit **(c) Working capital requirement** (d) Lease financing
- 7) Which one of the following holder is given voting rights?  
(a) Debentures (b) Preference Shares **(c) Equity shares** (d) Bonds
- 8) It may be wise to finance fixed assets through \_\_\_\_  
(a) Creditors **(b) Long term debts** (c) Bank overdraft (d) Bills discounting
- 9) The period for a short term loan is not exceeding \_\_\_\_\_.  
**(a) One year** (b) Two year (c) Four year (d) Five year
- 10) The period for a long term loan is for a period of exceeding \_\_\_\_  
(a) 1 year (b) 2 years **(c) 5 years** (d) 3 years
- 11) Which one of the following is not comes under owner's funds \_\_\_\_  
(a) Equity shares (b) Preference shares (c) Retained Earnings **(d) Debentures**
- 12) Which one of the following is not a borrowed funds \_\_\_\_  
(a) Public Deposits **(b) Retained Earnings** (c) Trade Credit (d) Bonds
- 13) Under the factoring arrangement, the factor \_\_\_\_\_.  
(a) Produces and distributes the goods or services (b) Makes the payment on behalf of the client  
**(c) Collects the client's debts or Accounts receivables** (d) Transfer the goods from one place to another place
- 14) Under the lease agreement, the lessee gets the right to \_\_\_\_\_

- (a) Share profit earned by the lessor (b) Participate in the management of the organisation  
**(c) Use the Asset for a specified period** (d) Sell the Assets
- 15) Loan taken on the security of movable asset is called \_\_\_\_\_  
**(a) Hypothecation** (b) Mortgage (c) Clean loan (d) Trade credit
- 16) Mortgage is a type of loan taken from the bank by lodging with the banker title deeds of \_\_\_\_\_ assets.  
(a) Movable assets **(b) Immovable assets** (c) Current assets (d) All of them
- 17) Loan given on the basis of customer's character, capacity and capability is \_\_\_\_\_  
**(a) Clean Loan** (b) Mortgage Loan (c) Bank Overdraft (d) Pledge
- 18) \_\_\_\_\_ is the life blood of any business.  
(a) Share (b) Building (c) Accounting **(d) Finance**
- 19) Funds required for purchasing current assets is an example of \_\_\_\_\_.  
(a) Fixed Capital requirement (b) Ploughing back of profit **(c) Working capital requirement** (d) Lease financing
- 20) International saving Bank Congress declared World Savings Day on \_\_\_\_\_.  
**(a) October 31** (b) October 13 (c) September 31 (d) March 13
- 21) The maturity period of a commercial paper usually ranges from \_\_\_\_\_.  
(a) 20 to 40 days (b) 60 to 90 days (c) 120 to 365 days **(d) 7 to 365 days**
- 22) The duration of bill of exchange may be ranging from \_\_\_\_\_.  
**(a) 15 to 80 days** (b) 16 to 90 days (c) 7 to 365 days (d) 51 to 80 days
- 23) Which of the following holder are not having voting rights?  
(a) Debentures (b) Equity Shares **(c) Preference Shares** (d) Bonds
- 24) Which one of the following is the tax-free investment option?  
(a) Equity Share Purchase (b) Real Estate (c) Investments in Gold **(d) Public Provident Fund**
- 25) The period for opening a Recurring Deposit is \_\_\_\_\_.  
**(a) 1 - 10 years** (b) 1 year only (c) 5 -10 years (d) 10 years only
- 26) Long term finance \_\_\_\_\_.  
**(a) more than 5 years** (b) above 1 year but below 5 years (c) more than one year but below 3 years  
(d) within one year
- 27) The various sources of business finance can be classified into \_\_\_\_\_.  
**(a) three** (b) two (c) four (d) five
- 28) Business people hypothecate goods or equipment to get \_\_\_\_\_ type of loan. It is a loan taken on the security of movable asset.  
(a) Hypothecation **(b) Pledge** (c) Trade credit (d) Bank overdraft
- 29) \_\_\_\_\_ is a type of loan taken from the bank by lodging with the bank title deeds of immovable assets like land and building.  
**(a) Hypothecation** (b) Mortgage (c) Clean loan (d) Factoring
- 30) Source of Medium Term Finance is \_\_\_\_\_.  
(a) share (b) debentures (c) Bank overdraft **(d) lease finance**
- 31) Which one is the owner's funds?

- (a) Debentures (b) Loan from banks **(c) Equity shares** (d) Commercial papers
- 32) \_\_\_\_\_ is the credit extended by one trader to another trade for purchasing of goods and services.
- (a) Pledge (b) Hypothecation **(c) Trade credit** (d) Trade debit
- 33) \_\_\_\_\_ is an unsecured money market instrument.
- (a) Cheque (b) Demand Draft (c) Mortgage **(d) Commercial Paper**
- 34) Which loan taken as the security as movable assets?
- (a) Pledge (b) Clean loan **(c) Hypothecation** (d) Bad loan
- 35) \_\_\_\_\_ type of loan taken from the bank for immovable assets.
- (a) Trade credit **(b) Mortgage** (c) Hypothecation (d) Pledge
- 36) \_\_\_\_\_ is the process of acquiring and utilizing funds by a business.
- (a) Marketing function** (b) Distribution (c) Finance function (d) Production function
- 37) 'NSIC' Stands for \_\_\_\_\_
- (a) National Sample Information Council (b) National Survey Institute Category  
**(c) National Small Industries Corporation** (d) None of these
- 38) \_\_\_\_\_ is raising business finance through sale or mortgage of book debts.
- (a) Factoring** (b) Franchising (c) Hire purchase system (d) Shares
- 39) Retaining earning is \_\_\_\_\_ sources of finance.
- (a) Medium loan (b) External source **(c) Internal source** (d) Long term loan
- 40) 'MIS' Stands for \_\_\_\_\_ Post office saving scheme
- (a) Management Information System (b) Management Infrastructure Scheme (c) Managing Industrial Software  
**(d) Monthly Income Account Scheme**
- 41) Long term Loan Mostly duration of time ranging from \_\_\_\_\_
- (a) 2-3 years (b) 3-4 years (c) 2-4 years **(d) 5-10 years**
- 42) The period for medium term finance is above 1 year but below \_\_\_\_\_ years.
- (a) 15 (b) 10 **(c) 5** (d) 3
- 43) Commercial paper was introduced in India in \_\_\_\_\_.
- (a) 1960 (b) 1970 (c) 1980 **(d) 1990**
- 44) The money deposited in public provident fund cannot be withdrawn before \_\_\_\_\_ years.
- (a) 5 (b) 10 **(c) 15** (d) 20
- 45) Which of the following is a short term finance?
- (a) Equity shares (b) Preference shares (c) Debentures **(d) Bank overdraft**
- 46) \_\_\_\_\_ is the safest long term investment option for the investors in India.
- (a) public provident fund** (b) mutual funds (c) real estate investment (d) investing in metals
- 47) Now a days people invest in stock markets through a \_\_\_\_\_.
- (a) investing in metals (b) real estate investment (c) share purchase **(d) mutual funds**
- 48) \_\_\_\_\_ deposit holder can take loan against the installments paid.

(a) fixed deposits (b) time deposits **(c) recurring deposit** (d) current deposit

49) The duration of bills of exchange ranges from 15 days to \_\_\_\_ days.

(a) 120 (b) 150 **(c) 180** (d) 200

50) \_\_\_\_ is a loan taken on the security of movable asset.

**(a) Hypothecation** (b) Mortgage (c) Factoring (d) Pledge