

COMMERCE

FOR

Senior Secondary School

2

Practice Questions and Answers



EDUBASE

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QUESTIONS

TOPIC: BUSINESS CAPITAL AND PROFITS

DIRECTION: Choose the correct answer from the lettered options.

1. Which of the following is not an intangible asset?

- A. goodwill
- B. patent
- C. furniture
- D. mark

2. If the opening stock of the business set up by Simeon Enterprises is ₦20,000 and the closing stock is ₦30,000. What is the average stock?

- A. ₦25,000
- B. ₦50,000
- C. ₦10,000
- D. ₦20,000

3. Which of the following is likely to have the lowest rate of turnover?

- A. Tomato
- B. School bag
- C. Air conditioner
- D. Salt

4. Use the following equation to answer the question.

Gross Profit = (Closing stock + P) less (Opening stock + G) what is P in the above equation?

- A. Purchases returns
- B. Net Profit
- C. Sales
- D. Carriage outwards

5. Assets that can easily be converted to cash are known as _____

- A. liquid capital
- B. capital employed
- C. reserved capital
- D. working capital

6. If Mama Trading Company's assets is valued at ₦1,000 and its liabilities at ₦560. What is its capital?

- A. ₦400
- B. ₦560
- C. ₦1560
- D. ₦440
- E. ₦500

7. Capital + Profit - Drawings =

- A. fixed capital
- B. liquid capital
- C. capital owned
- D. capital employed

8. Use the following information to answer the question below:

Premises ₦80,000, Cost of goods sold ₦199,000,

Furniture ₦40,000, Cash in hand ₦8,700, Motor Van ₦62,000, Bank overdraft ₦25,000, Capital ₦176,700, Rent ₦20,000, Stock ₦40,000, Debtors ₦12,000, sales ₦300,000. What is the total current assets?

- A. ₦60,000
- B. ₦60,200
- C. ₦60,500

D. ₦60,700

E. ₦60,800

9. When the value of total liabilities exceed the total value of assets in a business, it is said to be _____

A. insolvent

B. revocable

C. established

D. economical

10. The amount which a seller adds to his buying price to determine his selling price is called _____

A. rebate

B. mark-up

C. cash discount

D. discount

E. net profit

11. Use the following information given to answer the question below.

Opening Stock- ₦ 20, 000

Purchases- ₦ 40, 000

Rent- ₦ 3, 000

Sales- ₦ 60, 000

Salaries & Wages- ₦ 4, 500

Closing Stock- ₦ 30, 000.

What is the cost of goods sold?

A. ₦30,000

B. ₦60,000

C. ₦70,000

D. ₦20,000

12. If the items on the balance sheet of Susan Enterprises reads

Cash at hand ₦2, 000

Cash in bank ₦2, 000

Overdraft ₦1, 200

Creditor ₦1, 500

Land and Buildings ₦5, 000,

What is the total of fixed assets?

A. ₦5,000

B. ₦7,000

C. ₦9,000

D. ₦10,200

13. John Nig. Ltd. has an authorized capital of 12,000,000, ordinary shares of ₦10.00 per share. It issued 6,000,000 ordinary shares and all shares were bought and paid for at ₦4.00 a share except 2,000 shares taken by Mr. Ken. Calculate the called-up capital.

A. ₦60,000,000

B. ₦24,000,000

C. ₦48,000,000

D. ₦12,000,000

14. Which of the following gives public corporation an edge over all other types of business units?

A. Financed by government

B. Huge capital

C. Legal entity

D. Bureaucracy

15. If the items of the balance sheet of Kemi Enterprises reads

Cash at hand ₦2,000

Cash in bank ₦2, 000

Overdraft ₦1,200

Creditor ₦1,500

Land and Buildings ₦ 5, 000,

What is the working capital?

A. ₦1100

B. ₦1,300

C. ₦1,000

D. ₦2,500

16. Use the following information to answer the question below:

Premises ₦80,000, Cost of goods sold ₦199,000,

Furniture ₦40,000, Cash in hand ₦8,700, Motor Van ₦62,000, Bank overdraft ₦25,000, Capital ₦176,700, Rent ₦20,000, Stock ₦40,000, Debtors ₦12,000, sales ₦300,000. What is the total current liabilities?

A. ₦25,000

B. ₦35,000

C. ₦45,000

D. ₦55,000

E. ₦65,000

17. The total assets of a company minus its current liabilities is equal to a company's

A. capital owned

B. net income

C. Gross profit

D. net profit

18. Which of the following sources of capital has both elements of debt and equity?

- A. Preference shares
- B. Ordinary shares
- C. Debenture
- D. Loan

19. The amount which a seller adds to his buying price to determine his selling price is called _____

- A. rebate
- B. mark-up
- C. cash discount
- D. discount
- E. net profit

20. Furniture and fittings used in a business are classified as _____

- A. fixed asset
- B. circulating capital
- C. current asset
- D. working capital

21. The difference between total current assets and total current liabilities of a business is known as _____

- A. quick ratio
- B. liquidity ratio
- C. liquid capital
- D. working capital

22. The capital used in the day-to-day running of a business is called _____

- A. fixed capital
- B. paid-up capital
- C. authorized capital
- D. circulating capital
- E. issued capital

23. The wealth set aside for the production of further wealth is known as

- A. capital goods
- B. consumer goods
- C. capital
- D. debenture

24. The difference between the called-up capital and the paid-up capital is _____

- A. nominal capital
- B. calls-in-arrear
- C. issued capital
- D. reserve capital
- E. working capital

25. Which of the following facilitates a savings culture in Nigeria?

- A. unions
- B. Co-operative society
- C. Sole proprietorship
- D. Joint stock companies

26. Which of the following is likely to have the highest rate of stock turnover?

- A. Bread

- B. Jewelry
- C. Machinery
- D. Furniture

27. Goodwill is a good example of _____

- A. long term liability
- B. intangible asset
- C. current liability
- D. fixed asset

28. If the items of the balance sheet of Kemi Enterprises reads

Cash at hand ₦2, 000

Cash in bank ₦2, 000

Overdraft ₦1, 200

Creditor's ₦1, 500

Land and Buildings ₦ 5, 000,

What is the total of current assets?

- A. ₦2,700
- B. ₦5,200
- C. ₦4,000
- D. ₦2,000

29. When the assets of a firm are more than its liabilities, the firm is said to be _____

- A. low-gear
- B. liquidated
- C. solvent
- D. insolvent
- E. bankrupt

30. When the assets of a firm are more than its liabilities, the firm is said to be _____

- A. low-gear
- B. liquidated
- C. solvent
- D. insolvent

31. The company share capital which carries dividend at a fixed rate and can be repaid to the owners before the other shareholders if the company liquidates is called _____

- A. founder's share capital
- B. preference share capital
- C. deferred share capital
- D. ordinary share capital

32. The type of capital that does not change according to the volume of production is called _____

- A. Fixed capital
- B. Nominal capital
- C. Capital owned
- D. Working capital

33. A financial plan expressed in monetary terms is known as _____

- A. budget
- B. action plan
- C. imprest
- D. premium

34. A financial statement showing the assets and liabilities of a business at a given date is the _____

- A. profit and loss account
- B. bank statement
- C. trial balance
- D. balance sheet
- E. trading account

35. Which of the following helps the r to identify goods that are not fast moving?

- A. Rate of turnover
- B. Net profit
- C. Gross profit
- D. Total sales
- E. Turnover

36. John Nig. Ltd. has an authorized capital of 12,000,000, ordinary shares of ₦10.00 per share. It issued 6,000,000 ordinary shares and all shares were bought and paid for at ₦4.00 a share except 2,000 shares taken by Mr. Ken. Calculate the value of the authorized capital.

- A. ₦120,000,000
- B. ₦24,000,000
- C. ₦48,000,000
- D. ₦12,000,000

37. Malam Soho started a business with a capital of ₦20,000 and spent ₦15,000 of it, to buy machines and equipment. The remaining ₦5,000 is his

- A. capital owned
- B. nominal capital
- C. working capital
- D. fixed capital

38. The amount set aside out of profits earned by a company which are not for contingency are called _____

- A. earnings
- B. value added
- C. reserves
- D. capital employed

39. A financial statement showing the assets and liabilities of a business at a given date is called _____

- A. profit and loss account
- B. bank statement
- C. trial balance
- D. balance sheet
- E. trading account

40. Where the units sold of a commodity are 330 at a unit price of ₦125, and the unsold stock are 37 units. What is the value of closing stock?

- A. ₦4,625
- B. ₦41,250
- C. ₦34,300
- D. ₦56,400
- E. ₦36,625

41. Use the following information given to answer the question

Opening Stock ₦ 20, 000

Purchases ₦ 40, 000

Rent ₦ 3, 000

Carry inward ₦5000

Sales ₦ 60, 000

Salaries & Wages ₦ 4, 500

Closing Stock ₦ 30, 000

Calculate the gross profit.

- A. ₦40,000
- B. ₦20,000
- C. ₦30,000
- D. ₦25,000

42. Use the balance sheet to answer.

Mama Trading Company has current liabilities worth ₦2,000 and current assets ₦2,140. What is the capital?

- A. ₦4,200
- B. ₦4,140
- C. ₦140
- D. None of the above

43. Use the following information to answer the question below.

Premises ₦80,000, Cost of goods sold ₦199,000, Furniture ₦40,000, Cash in hand ₦8,700, Motor Van ₦62,000, Bank overdraft ₦25,000, Capital ₦176,700, Rent ₦20,000, Debtors ₦12,100, Stock ₦40,000. What is the total current asset?

- A. ₦60,000
- B. ₦60,200
- C. ₦60,500
- D. ₦60,800
- E. ₦60,700

44. Capital owned in a business connotes _____

- A. the networth of a business
- B. the current assets of an organization

- C. the amount realized from the sale of shares
- D. the fixed assets of a business

45. The number of times the average stock of a business is sold within a given period is known as _____

- A. mark-up
- B. turnover
- C. turnover rate
- D. sales ratio

46. Which of the following is an example of intangible asset?

- A. Office building
- B. Goodwill
- C. Office furniture
- D. Cash in hand

47. John Nigeria Ltd. Has an authorized capital of 12,000,000 ordinary shares of ₦10.00 per share. It issued 6,000,000 ordinary shares and all shares were bought and paid for at ₦4.00 a share except 2,000 shares taken by Mr. Ken. What is the paid-up capital?

- A. ₦23,992,000
- B. ₦24,000,000
- C. ₦22,000,000
- D. ₦6,000,000

48. Which of the following helps the r to identify goods that are not fast moving?

- A. Total sales
- B. Net profit
- C. Gross profit

- D. Rate of turnover
- E. Average stock

49. Use the following equation to answer the question.

$$\text{Gross Profit} = (\text{Closing stock} + P) \text{ less } (\text{Opening stock} + G)$$

What is G in the above equation?

- A. Sales return
- B. Carriage inwards
- C. Purchases
- D. Sales

50. Which of the following is NOT true of working capital?

- A. It is a sign of viability of business enterprises
- B. It is used as a basis of planning
- C. It is the total value of assets over the total value of liabilities
- D. It is the circulating capital

51. Profit is the difference between _____

- A. selling price and net cost price
- B. rent price and rent cost
- C. selling price and cost price
- D. material and immaterial goods
- E. All of the above

TOPIC: THE STOCK EXCHANGE

DIRECTION: Choose the correct answer from the lettered options.

1. Which of the following is used for a single payment of many people at the same time through a bank instead of writing separate cheques?

- A. Debit transfer
- B. Credit transfer
- C. Certified cheque
- D. Crossed cheque

2. Another name for debenture is _____

- A. bonds
- B. conversation stock
- C. loan stock
- D. shareholding
- E. treasury stock

3. A company will not insure loss arising from _____

- A. accident
- B. burglary
- C. fire
- D. speculation
- E. theft

4. What is the name of the service where a bank makes regular payment on behalf of its customers?

- A. Direct debit
- B. Credit transfer

- C. Standing order
- D. Bank draft

5. Which of the following is NOT a negotiable instrument?

- A. Bill of exchange
- B. Cheque
- C. Dividend warrant
- D. Postal order
- E. Promissory note

6. When the buyer of an existing share is to receive the pending dividend, the price is _____

- A. cum div
- B. ex-div
- C. at par
- D. at discount

7. Which of the following is the safest way of sending important documents through the post?

- A. Registered mail
- B. Parcel post
- C. Letter post
- D. Express mail

Use the following to answer the question.

Ojo bought a bicycle for #20,000, and repaired it at a cost of #5,000. He then sold the bicycle for #30,000.

8. What was his net profit?

- A. ₦35,000

B. ₦25,000

C. ₦15,000

D. ₦5,000

9. An investor in the stock market who buys newly issued shares to sell them as soon as trading in them begins is _____

A. a broker

B. a stag

C. a jobber

D. an underwriter

10. _____ is a speculator in who is unable to deliver stock to the buyer on the required date pays.

A. backwardation

B. brokerage

C. commission

D. contango

E. jobber's turn

11. Which of the following is NOT true of the stock exchange?

A. It is a commodity market

B. It provides market for trading on shares

C. Government and companies raise fund through it

D. It provides professional advice on investment

12. If a businessman wants to insure against dishonesty of the cashier, he will take an/a _____

A. burglary policy

B. employer' liability cover

- C. fidelity guarantee cover
- D. consequential loss policy

The correct answer is option[C]

13. Money paid annually to shareholders according to their holding is called _____

- A. commission
- B. debenture
- C. dividend
- D. interest
- E. profit

14. Which of the following principles states that a person MUST be in a position to suffer financially in the event of a loss?

- A. Proximate cause
- B. Indemnity
- C. Insurable interest
- D. Subrogation

15. The principle of which states that the insured is entitled to compensation is known as _____

- A. contribution
- B. indemnity
- C. insurable interest
- D. subrogation
- E. utmost good faith

16. The work of actuaries is to _____

- A. underwrite risks
- B. calculate premiums
- C. settle claims
- D. assess profits for companies

TOPIC: BUSINESS UNITS

DIRECTION: Choose the correct answer from the lettered options.

1. One major advantage of a credit and thrift cooperative is that
 - A. it can approach government for a loan
 - B. it encourages saving habits
 - C. There are no legal restrictions
 - D. Each member has a vote during meetings

2. A form of ownership which exploits the strengths of one partner to remedy the weakness of the other is a _____
 - A. joint partnership
 - B. cooperative
 - C. corporation
 - D. joint venture

3. The partner that only contributes part of the capital used in the formation and running of a business is known as _____
 - A. a passive partner
 - B. an active partner
 - C. a dormant partner
 - D. a nominal partner

4. A partnership business will not raise capital through _____
 - A. contributions
 - B. credit purchases
 - C. debentures
 - D. retaining earnings

5. Debenture is an example of _____

- A. loan capital
- B. circulating capital
- C. share capital
- D. working capital

6. Which of the following is NOT a type of business unit in Nigeria?

- A. Sole proprietorship
- B. Cooperative society
- C. Joint stock company
- D. Joint stock proprietorship

7. Which of the following is NOT a feature of a co-operative society?

- A. Owners are the customers
- B. Capital can be repaid to a member
- C. Votes are according to shares held
- D. Dividend is based on patronage

8. The adoption of a non-discriminatory recruitment policy by a business organization is a social responsibility to the _____

- A. government
- B. employees
- C. communities
- D. customers

Use this information to answer the question.

These balances were extracted from the books of Sunrise Nig. Ltd for the year ending 31st December, 2006.

Purchases - N20, 000

Sales - N56, 000

Opening Stock - N5, 000

Closing Stock - N10, 000

Returns outwards - N2, 000

Returns Inwards - N5, 000

9. What is the cost of goods sold?

- A. ₦10,000.00
- B. ₦13,000.00
- C. ₦13,500.00
- D. ₦14,000.00
- E. ₦15,000.00

10. Which of these is the major advantage of a credit and thrift cooperative?

- A. it can approach government for a loan
- B. it encourages credit buying habits
- C. there are no legal restrictions
- D. each member has a vote during meetings
- E. it encourages saving habits

11. Which of the following is NOT a source of finance to a sole proprietor?

- A. Credits
- B. Overdrafts
- C. Debentures
- D. Leasing of equipment

12. A sole proprietorship is financed through all the following means, EXCEPT

- A. overdrafts and loans
- B. personal savings
- C. ploughed back profits
- D. debentures

13. Which of the following MUST be stated in the article of association?

- A. The objects of the company
- B. The registered office address of the company
- C. The method of issue and transfer of shares
- D. Statement that liabilities are limited

14. Which of the following is not contained in the Deed of partnership?

- A. Name of the partners
- B. Name of the firm
- C. Capital of the business
- D. Duration of the business
- E. Procedure for issuing shares

15. The capital of a company usually stated in its Memorandum of Association is referred to as _____

- A. capital owned
- B. authorized capital
- C. called up capital
- D. working capital

16. Sole proprietorship is a form of business owned by _____

- A. an individual

- B. two or more persons
- C. a registered business subsidiary
- D. the government

17. Which of the following statements is TRUE of a public limited company?

- A. Minimum membership is two
- B. Shares are not transferable
- C. Shares cannot be bought by the public
- D. Ownership is separate from management
- E. Maximum membership is twenty

18. A partnership formed with the aim of performing banking functions requires _____ persons.

- A. 2 - 20
- B. 2 - 10
- C. 2 - 50
- D. 2 - 5

19. Profits made by a co-operative society are referred to as _____

- A. Gross profit
- B. bonus
- C. surplus
- D. dividend

20. Which of the following is NOT a disadvantage of a one-man-business?

- A. Unlimited liability of owner
- B. Life of business limited to life of owner
- C. Personal control of business
- D. Difficulty in raising additional capital

21. When finance houses agree to take the whole or portion of shares a company offered to the public, but not fully subscribed by the public, the act is called _____

- A. underwriting
- B. actuary
- C. ex-gratia payments
- D. backwardation

22. Which of the following is established by an act of parliament?

- A. Partnership
- B. Public corporation
- C. Limited liability company
- D. Sole proprietorship

23. Quick decision making is an advantage of a _____

- A. cooperative society
- B. partnership
- C. public limited company
- D. public utilities
- E. sole proprietorship

24. A person that is appointed either by a court or shareholders to handle the winding up process of a company is known as _____

- A. a broker
- B. a liquidator
- C. a solicitor
- D. an auditor

25. A group of public limited companies that collectively own a joint venture is known as a _____

- A. holding company
- B. consortium
- C. cartel
- D. trust
- E. merger

26. Which of the following is a function of the Accounts Department?

- A. Counselling
- B. Training
- C. Job Evaluation
- D. Budgetary control
- E. Job Description

27. Unlimited liability in business implies that the _____

- A. risk of the owner is limited only to the amount invested
- B. debts are paid with subventions
- C. property of the owners should not be used to secure loans
- D. owner's private property can be used to settle the business debts

28. An investor is informed of the number of shares offered to him by means of _____ letter.

- A. allotment
- B. dividend
- C. hypothecation
- D. offer
- E. share

Use this information to answer the question.

These balances were extracted from the books of Sunrise Nig. Ltd for the year ending 31st December, 2006.

Purchases - N20, 000

Sales - N56, 000

Opening Stock - N5, 000

Closing Stock - N10, 000

Returns outwards - N2, 000

Returns Inwards - N5, 000

29. What is the rate of turnover of the company?

- A. 1
- B. 1.2
- C. 1.6
- D. 1.7
- E. 3.4

30. Which of the following is not an advantage of sole proprietorship?

- A. Small amount of capital for commencement
- B. Flexibility in operation
- C. Perpetual succession
- D. Quick decision making

31. Which of the following is NOT performed by the Airports Authority?

- A. Providing loading facilities
- B. Issuing travelling documents
- C. Providing warehouse for cargo
- D. Providing security for passengers

32. Partners who allow their names to be used in a partnership but do not take part in the management of the business are called _____

- A. active partners
- B. limited partners
- C. general partners
- D. nominal partners

33. A voluntary organization of business firms in an area designed to reduce competition, and control production and distribution is called a _____

- A. association
- B. union
- C. Cartel
- D. Chamber of commerce

34. Which of the following is NOT a major source of long term fund for companies?

- A. Bank overdraft
- B. Bonds
- C. Common stock
- D. Preferred stock
- E. Warrant

35. The management of a public limited company is usually undertaken by the _____

- A. directors
- B. partners
- C. debenture holders
- D. promoters
- E. shareholders

36. Which of the following statements is TRUE of a public limited company?

- A. Minimum membership is two
- B. Shares are not transferable
- C. Shares cannot be bought by the public
- D. Shares are transferable
- E. Maximum membership is twenty

37. The basic principle of organization which specifies the limits of functions and the number of people a person can effectively supervise is the _____

- A. span of control
- B. unity of command
- C. scalar principle
- D. delegation of authority

38. Registration of a company is done by the _____

- A. Chamber of Commerce
- B. Cooperate Affairs Commission
- C. Ministry of Industries
- D. Standard Organization of Nigeria
- E. Associations

39. Cooperative society came into being basically as a result of one of the following?

- A. Profit making
- B. Promotion of savings and loans
- C. Debenture holding
- D. Provision of essential services

40. The business organization in which formation is restricted to 2-50 persons is known as _____

- A. partnership
- B. private limited liability company
- C. public limited Liability Company
- D. cooperative society

41. Which of the following is NOT an advantage of partnership?

- A. Diversified managerial talents
- B. Greater financial resources
- C. Freedom to terminate business
- D. Account is made public

42. Which of the following is NOT a feature of a common stock?

- A. It is the foundation of any company's ownership of the business
- B. It represent ownership of the business
- C. The amount contributed determines the shares in the profit
- D. The issuing of common stock is indispensable
- E. The rate of dividend is usually fixed

43. Joint-stock companies can raise funds from _____

- A. the money market
- B. the capital market
- C. the government
- D. federal allocations

44. A company whose number of shareholders has no limit is likely to be _____

- A. a holding company

- B. a private limited liability company
- C. a public limited liability company
- D. a public corporation

45. Dissolution of the partnership can be effective when _____

- A. the partnership deed is signed
- B. profit is generated
- C. the court issues an order against it
- D. the nominal partner withdraws his financial contribution to the business

46. A document which sets out the objectives of a company, its powers and relationship with the public is regarded as _____

- A. Memorandum of association
- B. Source document
- C. Articles of association
- D. Company's master plan

47. Which of the following has the distinctive feature of transferring shares freely?

- A. Sole proprietorship
- B. Partnership
- C. Private limited Liability Company
- D. Public limited Liability Company

48. Which of the following is an advantage of sole proprietorship?

- A. Continuity
- B. Limited liability
- C. Economies of scale
- D. Quick decision making
- E. More capital

49. An invitation to the public for the subscription of a company's share are made in the _____

- A. prospectus
- B. rights issue
- C. share
- D. certificate of trading

Use this information to answer the question.

These balances were extracted from the books of Sunrise Nig. Ltd for the year ending 31st December, 2006.

Purchases - N20, 000

Sales - N56, 000

Opening Stock - N5, 000

Closing Stock - N10, 000

Returns outwards - N2, 000

Returns Inwards - N5, 000

50. Determine the net sales of the company?

- A. N36,000.00
- B. N51,000.00
- C. N56,000.00
- D. N61,000.00
- E. N66,000.00

51. Sole proprietorship is characterized by the following EXCEPT _____

- A. individual ownership
- B. joint decision making
- C. absence of legal entity
- D. lack of continuity

52. Which of the following price quotations includes all charges to the customer's premises?

- A. F.O.B
- B. C.O.D
- C. C.I.F
- D. F.A.S
- E. Franco

53. Which of the following is often referred to as an artificial person in law?

- A. Sole proprietorship
- B. Partnership
- C. Public limited company
- D. Co-operative society

54. A general partner in a partnership business is one who _____

- A. contributes only capital used in the formation and running of the business
- B. contributes only name in the formation of the business
- C. has agreed to be responsible for the success or failure of the business
- D. is prohibited by law to take active part in the administration of the business

55. Shares issued to existing shareholders in proportion to their shareholdings without their paying for them are known as _____

- A. bonus issue
- B. right issue
- C. preference share
- D. deferred share

56. Small businesses have continued to survive in West Africa basically because of _____

- A. small capital requirement
- B. hours of business
- C. strict government policies
- D. government assistance

57. The enterprises whose main objective is to provide the public with essential services is known as _____

- A. cooperative society
- B. partnership
- C. private company
- D. public corporation

58. Which of the following does not have profit making orientation as its core objective?

- A. Limited liability company
- B. Public enterprises
- C. Sole proprietorship
- D. Partnership

59. A company whose shares are not easily transferable is a _____

- A. private limited company
- B. public limited company
- C. public corporation
- D. company limited by guarantee

60. A contract of sale where ownership passes to the buyer on the payment of the first instalment is known as _____

- A. hire purchase
- B. lease
- C. cash on delivery
- D. credit sale

61. Which of the following is a feature of sole proprietorship?

- A. Business name must be registered
- B. Liability of the owner is limited
- C. It is a legal entity
- D. Decisions are promptly made

62. Government financial grants is a source of capital to a _____

- A. partnership
- B. public limited company
- C. public corporation
- D. co-operative society

63. Are each partner's agent of the firm?

- A. TRUE
- B. FALSE

64. Limited liability companies are characterized by the following EXCEPT

- A. legal entity
- B. perpetual succession
- C. public ownership
- D. board of directors' coordination

65. Which of the following can quote its shares on the stock exchange?

- A. Partnership
- B. Sole proprietorship
- C. Co-operative society
- D. Public Liability Company

66. Which of the following is a major source of capital for Public Corporations?

- A. Shares
- B. Grants
- C. Loans
- D. Savings
- E. Overdrafts

67. Which of the following relies on the government for its capital at the commencement of business?

- A. Statutory corporation
- B. Public limited Liability Company
- C. Co-operative society
- D. Private limited Liability Company

68. The document of notice, circular, advertisement or other invitation, offered to the public for the subscription of shares is known as _____

- A. prospectus
- B. underwriting
- C. rebate
- D. stock advert

69. A company's 50k shares bought at 200k per share is said to be sold at _____

- A. par value
- B. a premium
- C. below par value
- D. ex-dividend
- E. cum-dividend

70. Public corporation are not 'profit oriented'. This means that, they are _____

- A. make profit which is shared among the workers
- B. not interested in making profit
- C. do not have enough capital to make profit
- D. not primarily established for profit making
- E. always run at a loss

71. The followings are reasons why Government owned Public enterprises EXCEPT

- A. internal production
- B. essential service
- C. good infrastructural base
- D. national security
- E. capital requirements

72. Which of the following is a major source of capital for public corporations?

- A. Shares
- B. Grants
- C. Loans
- D. Savings
- E. Overdrafts

73. The following are public cooperations EXCEPT _____

- A. Central Bank
- B. Nigeria Airways
- C. Nigerian TeleLimited
- D. Post office
- E. Unity Bank Plc.

74. The written agreement which governs the affairs of a partnership business is called _____

- A. partnership deed
- B. memorandum of understanding
- C. partners' issue of rights
- D. patent rights

75. Which of the following is NOT a reason for the establishment of a public corporation?

- A. Avoidance of duplication
- B. Capital involvement
- C. Security reasons
- D. Profit motive

76. The number of subordinates that one person can supervise effectively is the _____

- A. unity of command
- B. chain of command
- C. organizational hierarchy
- D. delegation of authority
- E. span of control

77. Which of the following is an example of public enterprise?

- A. First Bank Nigeria Plc.
- B. Dangote Flour Mills
- C. Nigerian Railway Corporation
- D. Nigerian Breweries

78. Which of the following is the amount of capital a limited liability company must NOT exceed by law?

- A. Working capital
- B. Nominal capital
- C. Loan capital
- D. Fixed capital

79. The main function of a thrift and credit cooperative society is to _____

- A. encourage members to buy cheaply
- B. enable members get the highest profit
- C. help members get legal redress
- D. encourage members to save

80. In which of the following organizations are members entitled to one vote, irrespective of the number of shares held?

- A. Public corporation
- B. Partnership
- C. Limited company
- D. Co-operative society

81. An existing partnership is dissolved if it _____

- A. is registered under a name

- B. has been registered for over ten years
- C. has no limited partner
- D. admits a new partner

82. In Public Limited Liability Companies, equities are referred to as _____

- A. preference shares
- B. authorized capital
- C. ordinary shares
- D. called-up capital

83. The document that deals with the internal affairs of a company including the rights and duties of directors and members is known as _____

- A. Memorandum of association
- B. Director's schedule
- C. Memorandum of understanding
- D. Articles of association

84. A private company is one which _____

- A. must publish its audited account
- B. floats its shares on market
- C. restricts the rights to transfer its shares
- D. is owned by a maximum of twenty members

85. Certificate of trading as one of the documents in the formation of a company is needed only by _____

- A. public limited Liability Company
- B. public corporation
- C. cooperative society
- D. none of the above

86. The partnership financial statement which shows how the net divisible profit of the firm is shared among the partners in their agreed profit and loss sharing ratio is the _____

- A. balance sheet
- B. partners' current account
- C. managerial account
- D. appropriation account

87. A letter a public company sends to an unsuccessful applicant together with the refund of his application money is called _____

- A. letter of allotment
- B. letter of regret
- C. share certificate
- D. letter of rights

TOPIC: FINANCE AND FINANCIAL INSTITUTIONS

DIRECTION: Choose the correct answer from the lettered options.

1. The market where short-term loans can be obtained by investors is called the
 - A. capital market
 - B. foreign exchange market
 - C. money market
 - D. stock exchange
 - E. commodity market

2. A house worth ₦50,000 was insured against fire for ₦30,000. Fire destroyed and caused damages worth ₦20,000 on the house. Under which principle will the owner be entitled to a compensation of ₦20,000?
 - A. Contribution
 - B. Subrogation
 - C. Indemnity
 - D. Uberrimae fidei

3. The conditions the insured must fulfil in order to avoid the insurer declaring the policy invalid is known as _____.
 - A. indemnity
 - B. barratry
 - C. warranty
 - D. policy tie

4. Companies offer advice to individuals, organizations and the government.
 - A. True
 - B. False

5. Any policy which provides for the beneficiary when the assured dies is called _____

- A. pension scheme
- B. whole life assurance
- C. accident
- D. endowment

6. The governing body of is known as _____

- A. Council
- B. Commission
- C. Association
- D. Market

7. performs all the following functions EXCEPT that it

- A. makes buying and selling of securities possible
- B. assists government in implementing its monetary policies
- C. gives overdraft to those who on the floor of the market
- D. determines the value of shares and stocks

8. Which of the following speculators in deals only in new shares and stocks?

- A. Bears
- B. Bulls
- C. Jobbers
- D. Stags

9. The market where existing securities are bought and sold is a _____

- A. money market
- B. mini-market

- C. foreign exchange market
- D. stock exchange market

10. A company could be defined as _____

- A. a financial institution involved in the protection of persons and objects against risks
- B. a financial house with large capital base
- C. a financial frontier for selling shares
- D. a financial institution with vested interest in banks
- E. a clearing house for commercial banks

11. Bulls, bears and stags are speculators found in the

- A. local markets
- B. world
- C. stock exchange market
- D. banks

12. A policy which covers an event that is sure to occur in future is _____

- A. fire
- B. marine
- C. life
- D. burglary
- E. accident

13. Which of the following is paid by a policy holder to an insurer?

- A. Brokerage
- B. Premium
- C. Dividend
- D. Warranty

14. A debenture is mortgaged when it is _____

- A. not secured on the assets of a company
- B. secured on the assets of a company
- C. irredeemable
- D. redeemable

15. The profit that accrues to jobbers as members of is called _____

- A. jobber's turn
- B. jobber's premium
- C. jobber's wages
- D. brokerage

16. Which of the following is a function of a "Bull" in the stock exchange?

- A. Subscribes for new shares only
- B. Buys shares in anticipation of a price rise
- C. Sell shares in anticipation of a fall in price
- D. Records proceeding in market

17. Which of the following is not a type of life assurance policy?

- A. Whole life assurance
- B. Endowment policy
- C. Term assurance
- D. Indemnified assurance

18. The person that assesses the amount that will be paid to the insured if he suffers the risk insured against is called _____

- A. an actuary
- B. assessor loss adjustor

- C. a speculator
- D. barratry

19. A firm that helps to prepare prospectuses and to sell securities offered to the public by companies and government is known as _____

- A. issuing house
- B. investment commission
- C. holding company
- D. commercial banks

20. Which of the following is NOT true of insurance?

- A. companies can invest money entrusted to them
- B. A motorist must insure against third party risks
- C. Changes in demand are insurable
- D. Gambling is uninsurable

21. Which of the following is NOT an insurable risk?

- A. Flood
- B. Fire
- C. Accident
- D. Embezzlement
- E. Burglary

22. _____ was the only company in Nigeria until 1949.

- A. Royal Assurance Company
- B. Nigerian Exchange
- C. Nigerian Company
- D. Royal Exchange Assurance
- E. None of the above

23. The document a broker sends to his client containing the details of the transactions carried out on his behalf is known as _____

- A. document
- B. contract note
- C. securities right
- D. placement copy

24. Which of the following cheques does NOT require endorsement?

- A. Specially crossed cheque
- B. Open cheque
- C. Bearer cheque
- D. Generally crossed cheque

25. The amount the company will pay the assured if the assured discontinues his life assurance policy before maturity date is called _____

- A. actuary
- B. warranty
- C. surrender value
- D. accumulated value

26. The money clients pay to companies is called

- A. fixed deposit
- B. call deposit
- C. current account
- D. cash
- E. premium

27. A speculator who applies for the issue of new stocks and shares even though he has no intention of taking them up personally is called a _____

- A. stag
- B. bull
- C. bear
- D. broker
- E. jobber

28. Which of the following is true of cumulative preference shares?

- A. Dividends are kept in a reserve account
- B. Unpaid dividend is forfeited
- C. Holders are entitled to further share in profits
- D. Any unpaid dividend is carried forward
- E. The shareholders can obtain capital refund on demand

29. When the life of a policy holder is assured for a stated period, it is known as _____

- A. endowment
- B. whole life assurance
- C. employers' liability
- D. fidelity
- E. group

30. Which of the following is not a type of marine insurance?

- A. Voyage policy
- B. Third party policy
- C. Floating policy
- D. Freight policy
- E. Valued policy

31. Which of the following types of securities is backed by substantial guarantee of payment of interests and eventual redemption?

- A. Stocks
- B. Debentures
- C. Bonds
- D. Gilt-edge securities

32. The difference between the jobber's buying price and selling price is known as Jobber's _____

- A. Turnover
- B. Turn
- C. Price
- D. Rate
- E. Commission

33. Which of the following is NOT a speculator in the stock exchange?

- A. Brokers
- B. Bulls
- C. Bears
- D. Stags

34. The person that calculates the amount an insured will pay as the premium based on the statistical information available to him and past experiences is known as _____

- A. an insurer
- B. an actuary
- C. a broker
- D. a marketer

35. A stock exchange speculator who buys shares to resell them in anticipation that prices will rise is called a _____

- A. stag
- B. bull
- C. bear
- D. broker
- E. jobber

36. Is a good example of _____

- A. capital market
- B. money market
- C. market
- D. labour market

37. The amount the company will pay the assured if the assured discontinues his life assurance policy before the maturity date is called _____

- A. actuary
- B. warranty
- C. surrender value
- D. accumulated value

38. A retirement policy which enables the assured to receive income for a specific period is _____

- A. annuity
- B. endowment
- C. whole life
- D. fidelity guarantee

39. The act of buying securities at a lower price and re-selling at a higher price is known as _____

- A. speculation
- B. backwardation
- C. customization
- D. credit

40. When a company indemnifies the insured and takes over his rights, this is known as _____

- A. abandonment
- B. subrogation
- C. proximate cause
- D. contribution

41. Which of the following is true of cumulative preference shares?

- A. Dividends are kept in a reserve account
- B. Unpaid dividend is forfeited
- C. Holders are entitled to further share in profits
- D. Any unpaid dividend is carried forward
- E. The shareholders can obtain capital refund on demand

42. Which of the following cannot be insured?

- A. Flood
- B. Embezzlement
- C. Accident
- D. Fire
- E. Burglary

43. Which of the following is true about cumulative preference share?

- A. Unpaid dividends are carried forward
- B. Shareholders can secure capital refund on demand
- C. Shareholders are entitled to further share of profit
- D. Dividends are paid into a special account

44. When the life of a policy holder is assured for a stated period, it is known as _____

- A. endowment
- B. whole life assurance
- C. employers' liability
- D. fidelity
- E. group

45. The payment made by a speculator who is unable to deliver the agreed securities to the buyer on the required date is called _____

- A. simple interest
- B. reparation
- C. backwardation
- D. compensation

46. The Lagos Stock Exchange commenced business transactions in _____

- A. 1961
- B. 1965
- C. 1979
- D. 1948

47. The policy that covers a vessel for a specified journey is known as _____

- A. time policy
- B. voyage policy
- C. mixed policy
- D. term policy

48. The term 'blue chips' when used in means _____

- A. the stocks and shares of well-known and highly reputable companies that assure steady profit
- B. the price of shares will soon fall
- C. the price of shares will soon rise
- D. the speculators in the market are about to take advantage of buyers in the market

49. 'Uberrimae fidei' as a principle suggests _____

- A. a contract of minimal loss
- B. a contract of utmost good faith
- C. a contract of willful indemnity
- D. a contract of insurable interest

50. A temporary document issued by the insurer to the proposed insured for the period before the policy itself will be ready is called _____

- A. cover note
- B. policy drive
- C. policy tie
- D. paper note

51. Which of the following is an uninsurable risk?

- A. Burglary
- B. Personal accident

- C. Change in fashion
- D. Fidelity guarantee

52. The process of sharing a risk already taken by an insurer with other insurers by sharing the premium is known as _____

- A. reinsurance
- B. policy formation
- C. policy tie
- D. group

53. Which of the following perfectly relates to market?

- A. Insurer, jobbers and stags
- B. Bulls, bears and stags
- C. Broker, insurer and bulls
- D. Agents, insurer and middlemen

54. A market for buying and selling of existing securities is provided by the _____

- A. Stock exchange
- B. Central bank
- C. Chamber of commerce
- D. Commodity market

TOPIC: INDIGENISATION AND NATIONALISATION/DIVESTITURE

DIRECTION: Choose the correct answer from the lettered options.

1. Which of the following organizations fall under the category of nationalized companies in Nigeria?

- A. Guinness Nig. Plc.
- B. Nigerian Breweries
- C. African Petroleum
- D. Shell Petroleum Development Company

2. If Americans are made to take full part in the industrial sector of their economy, which of the following could be said to have taken place?

- A. Indigenization
- B. Nationalization
- C. Globalization
- D. Capitalization

3. Organizations which came into existence via acts of parliament for the benefit of the populace are called _____

- A. public enterprises
- B. joint stock Company
- C. African Petroleum
- D. national assembly

4. Exclusive state of ownership and control of some industries is referred to as _____

- A. indigenization
- B. rationalization
- C. privatization

- D. nationalization
- E. commercialization

5. The practice whereby government relinquishes its ownership interest to public enterprise is called _____

- A. unbundling
- B. commercialization
- C. privatization
- D. nationalization

6. The public only bears business losses when

- A. it is a sole proprietorship arrangement
- B. a company has already been nationalized
- C. there is a fire disaster in a partnership business
- D. shareholders are fraudulent

7. Which of the following will NOT encourage the adoption of the indigenization policy in NIGERIA?

- A. Local retention of profit
- B. Encouragement of foreign investors
- C. Reduction of foreign control
- D. Reduction in the prices of goods

8. The Nigerian Enterprises Promotion Decree designed to encourage indigenization was promulgated in _____

- A. 1970
- B. 1971
- C. 1972
- D. 1973

9. The indigenization policy has the following setbacks, EXCEPT

- A. discouragement of foreign investors
- B. concentration of wealth in the hands of few citizens
- C. reduction of country's dependency
- D. widening of the gap between the rich and the poor

10. The privatization policy emerged as a result of the poor performance of _____

- A. commercial banks
- B. foreign companies
- C. public enterprises
- D. oil firms and textile industries

11. When foreign desperadoes are put to check in the control of a nation's economy, it suggests

- A. nationalization
- B. indigenization
- C. localization of industries
- D. liberalization

12. Public corporations are established to _____

- A. reduce government spending
- B. boost government revenue
- C. improve the provision of social amenities
- D. create vacancies for public offices

13. The revision of the 1972 Nigerian Enterprises Promotion Decree which encouraged indigenization took place in _____

- A. 1982

- B. 1983
- C. 1979
- D. 1977

14. The strategy of encouraging greater participation of indigenes of a country in the industrial sector of their economy is known as _____

- A. indigenization
- B. commercialization
- C. nationalization
- D. privatization

15. Which of the following is a benefit of privatization?

- A. Private ownership
- B. Downsizing
- C. Greater room for efficiency
- D. Government control

16. Which of the following will you suggest in order to increase the involvement of Nigerians in local industries?

- A. Structural Adjustment Programme
- B. Privatization policy
- C. Commercialization policy
- D. Indigenization policy

17. The policy initiative which encourages Nigerians to own and manage business enterprise is called _____

- A. commercialization
- B. indigenization
- C. industrialization

- D. nationalization
- E. privatization

18. When applied in an economy, deregulation attempts to _____

- A. destabilize the economy
- B. make statutory corporations more business oriented in their operations
- C. break private monopoly
- D. combine the advantages of indigenization and nationalization

19. Which of the following is NOT a reason for the introduction of the indigenization decree in Nigeria?

- A. Reduction of foreign control over the economy
- B. Reduction of the country's dependency
- C. Creation of unemployment for indigenes
- D. Encouragement of local retention of profit

20. Maximization of local retention of profits is one of the aims of _____

- A. nationalism
- B. privatization
- C. commercialization
- D. indigenization

21. The involvement of nationals in the ownership and management of business enterprises formerly owned by foreigners is called _____

- A. nationalization
- B. indigenization
- C. industrialization
- D. privatization
- E. commercialization

22. The taking over or transfer from private to state government ownership of enterprises for social, economic and political reasons is a manifestation of _____

- A. indigenization policy
- B. statutory policy
- C. nationalization policy
- D. structural adjustment policy

23. Exclusive state ownership and control of some industries is referred to as _____

- A. indigenization
- B. rationalization
- C. privatization
- D. nationalization
- E. commercialization

24. Government interference is a usual feature of _____

- A. partnership business
- B. public corporations
- C. state corporations
- D. government-owned industries

25. The involvement of nationals in the ownership and management of business enterprises formerly owned by foreigners is called _____

- A. nationalization
- B. indigenization
- C. industrialization
- D. privatization
- E. commercialization

26. Public corporations are established through ____

- A. certificate of incorporation
- B. certificate of trading
- C. acts of parliament
- D. referendum

27. Nationalized industries are mainly financed by ____

- A. expatriates
- B. multi-national industries
- C. the government
- D. the World Bank

28. Which of the following is not a feature of public corporations?

- A. Huge capital involvement
- B. It is established by an act of parliament
- C. It renders essential services
- D. Provision of customer services

29. The primary objective of privatization in Nigeria is ____

- A. accountability
- B. transparency
- C. responsiveness
- D. efficiency

30. ____ is said to take place when profit orientation of government owned enterprises replaces service orientation.

- A. Nationalization
- B. Commercialization

- C. Indigenization
- D. Privatization

31. The process of reducing the control of a nation's economy by foreign economic desperadoes is expressed in _____

- A. nationalization
- B. indigenization
- C. industrialization
- D. home

32. The exploitation and discrimination in the provision of essential services can be curbed through _____

- A. commercialization
- B. privatization
- C. unbundling
- D. nationalization

33. The transfer of ownership of a business from private individuals to the government of a country is known as _____

- A. privatization
- B. indigenization
- C. nationalization
- D. entrepreneurship

TOPIC: TRADE

DIRECTION: Choose the correct answer from the lettered options.

1. The type of bank bill in which the exporter orders the bank not to hand over the document to the importer unless he pays the invoice value of the goods to the bank is known as _____

- A. D/A - Documents against Acceptance bill
- B. D/P - Documents against Payment bill
- C. D/W - Documents against Warranty bill
- D. D/M - Documents against Manifest bill
- E. D/I - Documents against Invoice bill

2. What document is used when a cargo is not delivered at the quay, but loaded at the barge of lighter?

- A. Ship's manifest
- B. Freight note
- C. Mate's receipt
- D. Policy of
- E. Shipping note

3. A group of public limited companies that collectively own a joint venture is known as a

- A. holding company
- B. consortium
- C. cartel
- D. trust
- E. merger

4. When fish sellers in a local environment decide to come together with the common goal of protecting their business interest, they form a _____

- A. association
- B. Merger
- C. Cartel
- D. Holding company

5. Which of the following is a characteristic of the Chambers of Commerce?

- A. It is financed by the government
- B. It is open only to rich organizations
- C. It is independent of government control
- D. It is an agent of the Central Bank of Nigeria

6. When a business firm controls more than half of another firm's equity, it suggests _____

- A. a consortium
- B. a merger
- C. a holding company
- D. a syndicate

7. The most permanent form of integration is a _____

- A. merger
- B. consortium
- C. price ring
- D. cartel
- E. holding company

8. In a retail cooperative society, liabilities are limited to the capital contributed by members.

- A. True
- B. False

9. A document authorizing the selling of goods in foreign when payment or acceptance of a bill of exchange is refused is known as _____

- A. document of title
- B. guarantee authority
- C. letter of credit
- D. letter of hypothecation

10. A voluntary association of independent producers of similar commodities aimed at controlling both price and output is called a _____

- A. conglomeration
- B. merger
- C. cartel
- D. combination

11. Which of the following is NOT a reason for forming a cartel?

- A. To eliminate competition
- B. To increase the profit potentials of the members
- C. To promote foreign transactions
- D. To keep up the prices of members' products

12. Hedging could be defined as _____

- A. a system of future contract of selling or buying goods in order to mitigate fluctuations in prices
- B. payment made to recover seized goods

- C. transactions not backed up by law
- D. overhead costs

13. Dock receipt is also known as _____

- A. weight note
- B. ship's report
- C. ships manifest
- D. wharfinger's receipt
- E. freight note

14. Certificate of is also known as _____

- A. freight note
- B. mate's receipt
- C. shipping note
- D. policy of
- E. ship's manifest

15. The body that directly coordinates the activities of unions in Nigeria is _____

- A. Nigeria Chambers of Commerce
- B. Nigeria Union Congress
- C. Nigeria Labour Congress
- D. International Labour Organisation

16. Which of the following is formed for the primary purpose of acquiring and controlling interests in other firms?

- A. Holding company
- B. Amalgamation
- C. Merger

- D. Cartel
- E. Consortium

17. The compensation a charter pays to the ship-owners for delaying the ship beyond the specified period of time allowed for the ship to load and unload in a port is called _____

- A. demurrage
- B. fiduciary issue
- C. an indent
- D. dead freight

18. The Manufacturers Association of Nigeria (MAN) functions in all the following areas EXCEPT

- A. protection of members' interest
- B. serving as a link between the government and foreign investors
- C. ensuring that goods are produced in line with the prescribed standards
- D. enforcing legislations on consumer protection

19. Associations performs all of the following functions EXCEPT

- A. enhancing information among members
- B. settling disputes within the association
- C. establishing a link between their members and the government
- D. supervision of contraband goods

20. A letter an exporter sends together with the shipping documents empowering a bank to sell goods if the importer fails to accept or pay the bill is known as _____

- A. Letter of allotment
- B. Letter of hypothecation
- C. Letter of credit
- D. Bank draft

21. What is a trunk call?

- A. A telephone call within a town
- B. A telephone call made outside the local calling area
- C. A telephone call within an office setting
- D. A telephone call made without any wiring system
- E. None of the above

22. A voluntary association of independent firms formed for the purpose of executing a large capital project is a _____

- A. Merger
- B. Consortium
- C. Cartel
- D. Trust

23. _____ is a document lodged with the department of customs and excise, giving full details of the goods imported into a country or exported outside the country.

- A. Ship's manifest
- B. freight note
- C. Custom's specification
- D. Custom's duty
- E. Custom's charge

24. A voluntary group which individuals identify with to protect their interest is called _____

- A. chamber of commerce
- B. association
- C. stock exchange
- D. consumer association

25. A consular invoice is prepared by the _____

- A. importer
- B. exporter
- C. ports authority
- D. certificate of origin
- E. consular invoice

26. _____ is a document issued to the exporter when he delivers the goods at the dock by the ports authorities specifying the weight and the measurement of the goods.

- A. Dock receipt
- B. ships manifest
- C. Mate's receipt
- D. Freight note
- E. None of the above

27. Which of the following is NOT a feature of a cartel?

- A. Allocation of quantity quotas to members
- B. Output is restricted to force up price
- C. Members are independent producers of similar products
- D. Freedom to decide quantity quotas by members

28. What does C.W.O mean?

- A. Cash with Organisation
- B. Cash with Order
- C. Cash with Cooperative
- D. Capital with Operation
- E. Credit with Order

29. Wharfinger's receipt is also known as _____

- A. dock indent
- B. dock note
- C. dock payment
- D. dock bill
- E. None of the above

30. The gathering of business information for the purpose of members' benefit is a major feature of _____

- A. associations
- B. pressure groups
- C. political parties
- D. administration department

31. Which of the following is TRUE of associations?

- A. It involves only people who are engaged in a similar line of
- B. It has national and international outlook
- C. Membership is not restricted to a particular type of business or
- D. They are formed simply for political reasons

32. Which of the following is NOT true of Chambers of Commerce?

- A. It has national and international coloration
- B. It is regionally based
- C. It offers advice to the government
- D. They promote international through the organization of fairs

33. The followings are some reasons why consumers need protection EXCEPT _____

- A. to sure that goods offered for sales are not adulterated and counterfeit.

B. to ensure that the directions for use and usage of products are provided to avoid injuries to consumers

C. to ensure that dangerous and expired products are not offered for consumers

D. promote availability of raw materials to meet production of their consumable products.

34. In public limited liability companies, liabilities are limited to the capital contributed by members.

A. True

B. False

35. Dead freight connotes _____

A. payment made by the charterer for the unused space in a chartered ship

B. payment made for delaying a ship beyond the specified period

C. payment on duty free goods

D. payment of customs drawback

36. Membership of associations in Nigeria is _____

A. mandatory

B. coordinate

C. antithetical

D. voluntary

37. The association formed by businessmen from different commercial fields is regarded as _____

A. Union

B. Chambers of Commerce

C. Labour Union

D. Campaign for Equal Rights

38. Horizontal integration, if adopted, will result in all of the following EXCEPT

- A. maintenance of stable prices
- B. monopolistic tendencies
- C. elimination of waste
- D. linking up various stages of production

39. _____ is a document that indicates the country where goods come from or are manufactured.

- A. Export licence
- B. Import licence
- C. Export invoice
- D. Bill of lading
- E. Certificate of origin

40. Documentary credits is also known as _____

- A. revocable letter of credit
- B. commercial credit
- C. acceptance credit
- D. factoring
- E. letter of hypothecation

41. _____ is a letter an exporter sends together with the shipping documents empowering a bank to sell goods if the importer fails to accept or pay the bill.

- A. Travelers cheque
- B. Document of credits
- C. Letter of hypothecation
- D. Factoring
- E. Bank draft

42. Which of the following reasons does NOT necessitate integration?

- A. The need to fight economic recession
- B. The drive to reap the benefit of monopoly
- C. The benefit of large scale production
- D. The need to increase cost of production

43. Which of the following is not a function of the Manufacturers' Association of Nigeria?

- A. Protection of members' interest
- B. Serving as a link between the government and foreign investors
- C. Ensuring that goods are produced according to the prescribed standards
- D. Collection of excise duties on manufactured goods

44. An association formed by cement producers to protect their interest is known as _____

- A. chambers of commerce
- B. union
- C. association
- D. cartel

45. When a firm engaging in cocoa processing amalgamates with the one producing beverages, which of the following has taken place?

- A. Vertical integration
- B. Horizontal integration
- C. Lateral integration
- D. Parallel integration

46. In industrial integration, members who form a Trust are issued _____

- A. certificate of ownership
- B. trust certificate
- C. debenture certificate
- D. shareholding certificate

47. The difference between guaranteed mail transfer and mail transfer is that _____

- A. in mail transfer, the date of payment is uncertain while it is fixed in guaranteed mail transfer
- B. mail transfer is transferable while guaranteed mail transfer is not
- C. in mail transfer, the date of payment is fixed while it is not fixed in guaranteed mail transfer
- D. mail transfer is used for importation while guaranteed mail transfer is used for exporters
- E. All of the above

48. A method of financing exports in which a financial institution or a factory buys completely all the invoiced debts of the exporter every week is known as _____

- A. factoring
- B. letter of hypothecation
- C. bank draft
- D. acceptance credit
- E. documentary credits

49. The professional association which furthers the course of engineers in Nigeria is known as _____

- A. Council of Registered Engineers of Nigeria [COREN]
- B. Engineering Practitioners Association of Nigeria [EPAN]
- C. Manufacturer's Association of Nigeria [MAN]
- D. Nigerian Engineers Association of Nigeria [NEAN]

50. The document of title to goods being shipped abroad is known as ____

- A. consignment note
- B. ships manifest
- C. bill of entry
- D. bill of lading

51. Integration becomes necessary in order to _____

- A. promote industrial dispute
- B. attract government attention
- C. enjoy large economies of scale
- D. promote interdependence of industries

52. Cooperative wholesale societies do not sell to individuals but retail outlets who are members.

- A. True
- B. False

53. A document which states that the exporter has kept the goods at the port's warehouse awaiting clearing is known as _____

- A. dock receipt
- B. dock note
- C. dock payment
- D. dock bill

54. Retail cooperative society may only be registered.

- A. True
- B. False

55. The document handed over to the master of a ship as an evidence that the goods have been delivered in safe conditions is _____

- A. letter of rights
- B. letter of allotment
- C. letter of credit
- D. letter of indemnity

56. The type of bank bill in which the exporter orders the bank to hand over the documents to the importer if the bill of exchange is credited is known as _____

- A. D/A - Documents against Acceptance bill
- B. D/P - Documents against Payment bill
- C. D/W - Documents against Warranty bill
- D. D/M - Documents against Manifest bill
- E. D/I - Documents against Invoice bill

57. The integration of different competing firms in different lines of business under a single control is called _____

- A. trust
- B. syndicate
- C. cartel
- D. holding Company

ANSWERS

TOPIC: BUSINESS CAPITAL AND PROFITS

DIRECTION: Choose the correct answer from the lettered options.

1. Which of the following is not an intangible asset?

- A. goodwill
- B. patent
- C. furniture
- D. mark

The correct answer is option [C].

2. If the opening stock of the business set up by Simeon Enterprises is ₦20,000 and the closing stock is ₦30,000. What is the average stock?

- A. ₦25,000
- B. ₦50,000
- C. ₦10,000
- D. ₦20,000

The correct answer is option [A]

3. Which of the following is likely to have the lowest rate of turnover?

- A. Tomato
- B. School bag
- C. Air conditioner
- D. Salt

The correct answer is option [C].

4. Use the following equation to answer the question.

Gross Profit = (Closing stock + P) less (Opening stock + G) what is P in the above equation?

- A. Purchases returns
- B. Net Profit
- C. Sales
- D. Carriage outwards

The correct answer is option [C]

5. Assets that can easily be converted to cash are known as _____

- A. liquid capital
- B. capital employed
- C. reserved capital
- D. working capital

The correct answer is option [A].

6. If Mama Trading Company's assets is valued at ₦1,000 and its liabilities at ₦560. What is its capital?

- A. ₦400
- B. ₦560
- C. ₦1560
- D. ₦440
- E. ₦500

The correct answer is option [D]

7. Capital + Profit - Drawings =

- A. fixed capital
- B. liquid capital

- C. capital owned
- D. capital employed

The correct answer is option [D]

8. Use the following information to answer the question below:

Premises ₦80,000, Cost of goods sold ₦199,000,

Furniture ₦40,000, Cash in hand ₦8,700, Motor Van ₦62,000, Bank overdraft ₦25,000, Capital ₦176,700, Rent ₦20,000, Stock ₦40,000, Debtors ₦12,000, sales ₦300,000. What is the total current assets?

- A. ₦60,000
- B. ₦60,200
- C. ₦60,500
- D. ₦60,700
- E. ₦60,800

The correct answer is option [D]

Total current asset = stock + debtors + cash in hand

9. When the value of total liabilities exceed the total value of assets in a business, it is said to be _____

- A. insolvent
- B. revocable
- C. established
- D. economical

The correct answer is option [A].

10. The amount which a seller adds to his buying price to determine his selling price is called _____

- A. rebate
- B. mark-up

C. cash discount

D. discount

E. net profit

The correct answer is option [B]

11. Use the following information given to answer the question below.

Opening Stock- ₦ 20, 000

Purchases- ₦ 40, 000

Rent- ₦ 3, 000

Sales- ₦ 60, 000

Salaries & Wages- ₦ 4, 500

Closing Stock- ₦ 30, 000.

What is the cost of goods sold?

A. ₦30,000

B. ₦60,000

C. ₦70,000

D. ₦20,000

The correct answer is option [A]

12. If the items on the balance sheet of Susan Enterprises reads

Cash at hand ₦2, 000

Cash in bank ₦2, 000

Overdraft ₦1, 200

Creditor ₦1, 500

Land and Buildings ₦5, 000,

What is the total of fixed assets?

A. ₦5,000

B. ₦7,000

- C. ₦9,000
- D. ₦10,200

The correct answer is option [A].

13. John Nig. Ltd. has an authorized capital of 12,000,000, ordinary shares of ₦10.00 per share. It issued 6,000,000 ordinary shares and all shares were bought and paid for at ₦4.00 a share except 2,000 shares taken by Mr. Ken. Calculate the called-up capital.

- A. ₦60,000,000
- B. ₦24,000,000
- C. ₦48,000,000
- D. ₦12,000,000

The correct answer is option [B]

Called-up capital = ₦4 x 6,000,000 = ₦24, 000,000

14. Which of the following gives public corporation an edge over all other types of business units?

- A. Financed by government
- B. Huge capital
- C. Legal entity
- D. Bureaucracy

The correct answer is option [A]

15. If the items of the balance sheet of Kemi Enterprises reads

Cash at hand ₦2,000
 Cash in bank ₦2, 000
 Overdraft ₦1,200
 Creditor ₦1,500
 Land and Buildings ₦ 5, 000,

What is the working capital?

- A. ₦1100
- B. ₦1,300
- C. ₦1,000
- D. ₦2,500

The correct answer is option [B]

16. Use the following information to answer the question below:

Premises ₦80,000, Cost of goods sold ₦199,000,

Furniture ₦40,000, Cash in hand ₦8,700, Motor Van ₦62,000, Bank overdraft ₦25,000, Capital ₦176,700, Rent ₦20,000, Stock ₦40,000, Debtors ₦12,000, sales ₦300,000. What is the total current liabilities?

- A. ₦25,000
- B. ₦35,000
- C. ₦45,000
- D. ₦55,000
- E. ₦65,000

The correct answer is option [A]

Total current liabilities = bank overdraft

17. The total assets of a company minus its current liabilities is equal to a company's _____

- A. capital owned
- B. net income
- C. Gross profit
- D. net profit

The correct answer is option [A].

18. Which of the following sources of capital has both elements of debt and equity?

- A. Preference shares
- B. Ordinary shares
- C. Debenture
- D. Loan

The correct answer is option [C].

19. The amount which a seller adds to his buying price to determine his selling price is called _____

- A. rebate
- B. mark-up
- C. cash discount
- D. discount
- E. net profit

The correct answer is option [B]

20. Furniture and fittings used in a business are classified as _____

- A. fixed asset
- B. circulating capital
- C. current asset
- D. working capital

The correct answer is option [A]

21. The difference between total current assets and total current liabilities of a business is known as _____

- A. quick ratio
- B. liquidity ratio
- C. liquid capital

D. working capital

The correct answer is option [D]

22. The capital used in the day-to-day running of a business is called _____

A. fixed capital

B. paid-up capital

C. authorized capital

D. circulating capital

E. issued capital

The correct answer is option [D]

23. The wealth set aside for the production of further wealth is known as

A. capital goods

B. consumer goods

C. capital

D. debenture

The correct answer is option [C]

24. The difference between the called-up capital and the paid-up capital is _____

A. nominal capital

B. calls-in-arrear

C. issued capital

D. reserve capital

E. working capital

The correct answer is option [D]

25. Which of the following facilitates a savings culture in Nigeria?

A. unions

- B. Co-operative society
- C. Sole proprietorship
- D. Joint stock companies

The correct answer is option [B].

26. Which of the following is likely to have the highest rate of stock turnover?

- A. Bread
- B. Jewelry
- C. Machinery
- D. Furniture

The correct answer is option [A]

27. Goodwill is a good example of _____

- A. long term liability
- B. intangible asset
- C. current liability
- D. fixed asset

The correct answer is option [B].

28. If the items of the balance sheet of Kemi Enterprises reads

Cash at hand ₦2, 000

Cash in bank ₦2, 000

Overdraft ₦1, 200

Creditor's ₦1, 500

Land and Buildings ₦ 5, 000,

What is the total of current assets?

- A. ₦2,700
- B. ₦5,200

C. ₦4,000

D. ₦2,000

The correct answer is option [C]

29. When the assets of a firm are more than its liabilities, the firm is said to be _____

A. low-gearred

B. liquidated

C. solvent

D. insolvent

E. bankrupt

The correct answer is option [C]

Solvent is when assets are greater than liabilities.

Insolvent is when liabilities are greater than assets.

Bankrupt is a court declaration of a debtor's inability to pay his debts and his property will be seized and auctioned in order to pay the debt.

30. When the assets of a firm are more than its liabilities, the firm is said to be _____

A. low-gearred

B. liquidated

C. solvent

D. insolvent

The correct answer is option [C]

31. The company share capital which carries dividend at a fixed rate and can be repaid to the owners before the other shareholders if the company liquidates is called _____

A. founder's share capital

B. preference share capital

C. deferred share capital

D. ordinary share capital

The correct answer is option [B]

32. The type of capital that does not change according to the volume of production is called _____

A. Fixed capital

B. Nominal capital

C. Capital owned

D. Working capital

The correct answer is option [A].

33. A financial plan expressed in monetary terms is known as _____

A. budget

B. action plan

C. imprest

D. premium

The correct answer is option [A].

34. A financial statement showing the assets and liabilities of a business at a given date is the _____

A. profit and loss account

B. bank statement

C. trial balance

D. balance sheet

E. trading account

The correct answer is option [D]

35. Which of the following helps the r to identify goods that are not fast moving?

- A. Rate of turnover
- B. Net profit
- C. Gross profit
- D. Total sales
- E. Turnover

The correct answer is option [A]

36. John Nig. Ltd. has an authorized capital of 12,000,000, ordinary shares of ₦10.00 per share. It issued 6,000,000 ordinary shares and all shares were bought and paid for at ₦4.00 a share except 2,000 shares taken by Mr. Ken. Calculate the value of the authorized capital.

- A. ₦120,000,000
- B. ₦24,000,000
- C. ₦48,000,000
- D. ₦12,000,000

The correct answer is option [A]

Authorized capital = 12, 000,000 x ₦10 = ₦120,000,000

37. Malam Soho started a business with a capital of ₦20,000 and spent ₦15,000 of it, to buy machines and equipment. The remaining ₦5,000 is his

- A. capital owned
- B. nominal capital
- C. working capital
- D. fixed capital

The correct answer is option [C]

Working capital also referred to as 'circulating capital' is the amount of money business organizations use for the day to day running of the business. Current assets minus current liabilities.

38. The amount set aside out of profits earned by a company which are not for contingency are called _____

- A. earnings
- B. value added
- C. reserves
- D. capital employed

The correct answer is option [C].

39. A financial statement showing the assets and liabilities of a business at a given date is called _____

- A. profit and loss account
- B. bank statement
- C. trial balance
- D. balance sheet
- E. trading account

The correct answer is option [D]

40. Where the units sold of a commodity are 330 at a unit price of ₦125, and the unsold stock are 37 units. What is the value of closing stock?

- A. ₦4,625
- B. ₦41,250
- C. ₦34,300
- D. ₦56,400
- E. ₦36,625

The correct answer is option [A]

41. Use the following information given to answer the question

Opening Stock ₦ 20, 000

Purchases ₦ 40, 000

Rent ₦ 3, 000

Carry inward ₦5000

Sales ₦ 60, 000

Salaries & Wages ₦ 4, 500

Closing Stock ₦ 30, 000

Calculate the gross profit.

A. ₦40,000

B. ₦20,000

C. ₦30,000

D. ₦25,000

The correct answer is option [D]

42. Use the balance sheet to answer.

Mama Trading Company has current liabilities worth ₦2,000 and current assets ₦2,140. What is the capital?

A. ₦4,200

B. ₦4,140

C. ₦140

D. None of the above

The correct answer is option [C]

43. Use the following information to answer the question below.

Premises ₦80,000, Cost of goods sold ₦199,000, Furniture ₦40,000, Cash in hand ₦8,700, Motor Van ₦62,000, Bank overdraft ₦25,000, Capital ₦176,700, Rent ₦20,000, Debtors ₦12,100, Stock ₦40,000. What is the total current asset?

A. ₦60,000

B. ₦60,200

C. ₦60,500

D. ₦60,800

E. ₦60,700

The correct answer is option [D]

Total current asset = stock + debtors + cash in hand

44. Capital owned in a business connotes _____

- A. the networth of a business
- B. the current assets of an organization
- C. the amount realized from the sale of shares
- D. the fixed assets of a business

The correct answer is option [A].

45. The number of times the average stock of a business is sold within a given period is known as _____

- A. mark-up
- B. turnover
- C. turnover rate
- D. sales ratio

The correct answer is option [C]

46. Which of the following is an example of intangible asset?

- A. Office building
- B. Goodwill
- C. Office furniture
- D. Cash in hand

The correct answer is option [B].

47. John Nigeria Ltd. Has an authorized capital of 12,000,000 ordinary shares of ₦10.00 per share. It issued 6,000,000 ordinary shares and all shares were bought and paid for at ₦4.00 a share except 2,000 shares taken by Mr. Ken. What is the paid-up capital?

- A. ₦23,992,000
- B. ₦24,000,000
- C. ₦22,000,000
- D. ₦6,000,000

The correct answer is option [A]

Paid-up units = 6,000,000 - 2,000 = 5,998,000

Paid-up capital = 5,998,000 x ₦4 = ₦23, 992,000

BUSINESS CAPITAL AND PROFITS

48. Which of the following helps the r to identify goods that are not fast moving?

- A. Total sales
- B. Net profit
- C. Gross profit
- D. Rate of turnover
- E. Average stock

The correct answer is option [D]

49. Use the following equation to answer the question.

Gross Profit = (Closing stock + P) less (Opening stock + G)

What is G in the above equation?

- A. Sales return
- B. Carriage inwards
- C. Purchases
- D. Sales

The correct answer is option [C]

50. Which of the following is NOT true of working capital?

- A. It is a sign of viability of business enterprises
- B. It is used as a basis of planning
- C. It is the total value of assets over the total value of liabilities
- D. It is the circulating capital

The correct answer is option [C]

51. Profit is the difference between _____

- A. selling price and net cost price
- B. rent price and rent cost
- C. selling price and cost price
- D. material and immaterial goods
- E. All of the above

The correct answer is option [C]

TOPIC: THE STOCK EXCHANGE

DIRECTION: Choose the correct answer from the lettered options.

1. Which of the following is used for a single payment of many people at the same time through a bank instead of writing separate cheques?

- A. Debit transfer
- B. Credit transfer
- C. Certified cheque
- D. Crossed cheque

The correct answer is option [B]

2. Another name for debenture is _____

- A. bonds
- B. conversation stock
- C. loan stock
- D. shareholding
- E. treasury stock

The correct answer is option [C]

3. A company will not insure loss arising from _____

- A. accident
- B. burglary
- C. fire
- D. speculation
- E. theft

The correct answer is option [D]

4. What is the name of the service where a bank makes regular payment on behalf of its customers?

- A. Direct debit
- B. Credit transfer
- C. Standing order
- D. Bank draft

The correct answer is option [C]

5. Which of the following is NOT a negotiable instrument?

- A. Bill of exchange
- B. Cheque
- C. Dividend warrant
- D. Postal order
- E. Promissory note

The correct answer is option [D]

6. When the buyer of an existing share is to receive the pending dividend, the price is _____

- A. cum div
- B. ex-div
- C. at par
- D. at discount

The correct answer is option [A]

7. Which of the following is the safest way of sending important documents through the post?

- A. Registered mail
- B. Parcel post
- C. Letter post

D. Express mail

The correct answer is option [A]

Use the following to answer the question.

Ojo bought a bicycle for #20,000, and repaired it at a cost of #5,000. He then sold the bicycle for #30,000.

8. What was his net profit?

A. ₦35,000

B. ₦25,000

C. ₦15,000

D. ₦5,000

The correct answer is option [D]

9. An investor in the stock market who buys newly issued shares to sell them as soon as trading in them begins is _____

A. a broker

B. a stag

C. a jobber

D. an underwriter

The correct answer is option [B]

10. ____ is a speculator in who is unable to deliver stock to the buyer on the required date pays.

A. backwardation

B. brokerage

C. commission

D. contango

E. jobber's turn

The correct answer is option [E]

11. Which of the following is NOT true of the stock exchange?

- A. It is a commodity market
- B. It provides market for trading on shares
- C. Government and companies raise fund through it
- D. It provides professional advice on investment

The correct answer is option [A]

12. If a businessman wants to insure against dishonesty of the cashier, he will take an/a _____

- A. burglary policy
- B. employer' liability cover
- C. fidelity guarantee cover
- D. consequential loss policy

The correct answer is option[C]

13. Money paid annually to shareholders according to their holding is called _____

- A. commission
- B. debenture
- C. dividend
- D. interest
- E. profit

The correct answer is option[C]

14. Which of the following principles states that a person MUST be in a position to suffer financially in the event of a loss?

- A. Proximate cause
- B. Indemnity
- C. Insurable interest

D. Subrogation

The correct answer is option [C]

15. The principle of which states that the insured is entitled to compensation is known as _____

A. contribution

B. indemnity

C. insurable interest

D. subrogation

E. utmost good faith

The correct answer is option [B]

16. The work of actuaries is to _____

A. underwrite risks

B. calculate premiums

C. settle claims

D. assess profits for companies

The correct answer is option [B]

TOPIC: BUSINESS UNITS

DIRECTION: Choose the correct answer from the lettered options.

1. One major advantage of a credit and thrift cooperative is that

- A. it can approach government for a loan
- B. it encourages saving habits
- C. There are no legal restrictions
- D. Each member has a vote during meetings

The correct answer is option [B]

2. A form of ownership which exploits the strengths of one partner to remedy the weakness of the other is a _____

- A. joint partnership
- B. cooperative
- C. corporation
- D. joint venture

The correct answer is option [D]

3. The partner that only contributes part of the capital used in the formation and running of a business is known as _____

- A. a passive partner
- B. an active partner
- C. a dormant partner
- D. a nominal partner

The correct answer is option [C] Dormant partner is also called sleeping partner

4. A partnership business will not raise capital through _____

- A. contributions

- B. credit purchases
- C. debentures
- D. retaining earnings

The correct answer is option [C]

5. Debenture is an example of _____

- A. loan capital
- B. circulating capital
- C. share capital
- D. working capital

The correct answer is option [A]

6. Which of the following is NOT a type of business unit in Nigeria?

- A. Sole proprietorship
- B. Cooperative society
- C. Joint stock company
- D. Joint stock proprietorship

The correct answer is option [D].

7. Which of the following is NOT a feature of a co-operative society?

- A. Owners are the customers
- B. Capital can be repaid to a member
- C. Votes are according to shares held
- D. Dividend is based on patronage

The correct answer is option [C]

8. The adoption of a non-discriminatory recruitment policy by a business organization is a social responsibility to the _____

- A. government
- B. employees
- C. communities
- D. customers

The correct answer is option [C]

Use this information to answer the question.

These balances were extracted from the books of Sunrise Nig. Ltd for the year ending 31st December, 2006.

Purchases - N20, 000

Sales - N56, 000

Opening Stock - N5, 000

Closing Stock - N10, 000

Returns outwards - N2, 000

Returns Inwards - N5, 000

9. What is the cost of goods sold?

- A. ₦10,000.00
- B. ₦13,000.00
- C. ₦13,500.00
- D. ₦14,000.00
- E. ₦15,000.00

The correct answer is option [B]

10. Which of these is the major advantage of a credit and thrift cooperative?

- A. it can approach government for a loan

- B. it encourages credit buying habits
- C. there are no legal restrictions
- D. each member has a vote during meetings
- E. it encourages saving habits

The correct answer is option [E]

11. Which of the following is NOT a source of finance to a sole proprietor?

- A. Credits
- B. Overdrafts
- C. Debentures
- D. Leasing of equipment

The correct answer is option [C]

A debenture is a long-term debt instrument used by governments and large companies to obtain funds.

An overdraft occurs when withdrawals from a bank account exceed the available balance which gives the account a negative balance - a person can be said to have gone "overdrawn".

credit exists when one firm provides goods or services to a customer with an agreement to bill them later, or receive a shipment or service from a supplier under an agreement to pay them later.

12. A sole proprietorship is financed through all the following means, EXCEPT

- A. overdrafts and loans
- B. personal savings
- C. ploughed back profits
- D. debentures

The correct answer is option [D].

13. Which of the following MUST be stated in the article of association?

- A. The objects of the company
- B. The registered office address of the company
- C. The method of issue and transfer of shares
- D. Statement that liabilities are limited

The correct answer is option [C]

14. Which of the following is not contained in the Deed of partnership?

- A. Name of the partners
- B. Name of the firm
- C. Capital of the business
- D. Duration of the business
- E. Procedure for issuing shares

The correct answer is option [E]

15. The capital of a company usually stated in its Memorandum of Association is referred to as _____

- A. capital owned
- B. authorized capital
- C. called up capital
- D. working capital

The correct answer is option [B]

16. Sole proprietorship is a form of business owned by _____

- A. an individual
- B. two or more persons
- C. a registered business subsidiary
- D. the government

The correct answer is option [A]

17. Which of the following statements is TRUE of a public limited company?

- A. Minimum membership is two
- B. Shares are not transferable
- C. Shares cannot be bought by the public
- D. Ownership is separate from management
- E. Maximum membership is twenty

The correct answer is option [D]

18. A partnership formed with the aim of performing banking functions requires _____ persons.

- A. 2 - 20
- B. 2 - 10
- C. 2 - 50
- D. 2 - 5

The correct answer is option [B].

19. Profits made by a co-operative society are referred to as _____

- A. Gross profit
- B. bonus
- C. surplus
- D. dividend

The correct answer is option [C]

20. Which of the following is NOT a disadvantage of a one-man-business?

- A. Unlimited liability of owner
- B. Life of business limited to life of owner
- C. Personal control of business
- D. Difficulty in raising additional capital

The correct answer is option [C]

21. When finance houses agree to take the whole or portion of shares a company offered to the public, but not fully subscribed by the public, the act is called _____

- A. underwriting
- B. actuary
- C. ex-gratia payments
- D. backwardation

The correct answer is option [A]

22. Which of the following is established by an act of parliament?

- A. Partnership
- B. Public corporation
- C. Limited liability company
- D. Sole proprietorship

The correct answer is option [B].

23. Quick decision making is an advantage of a _____

- A. cooperative society
- B. partnership
- C. public limited company
- D. public utilities
- E. sole proprietorship

The correct answer is option [E]

24. A person that is appointed either by a court or shareholders to handle the winding up process of a company is known as _____

- A. a broker
- B. a liquidator
- C. a solicitor

D. an auditor

The correct answer is option [B]

25. A group of public limited companies that collectively own a joint venture is known as a _____

A. holding company

B. consortium

C. cartel

D. trust

E. merger

The correct answer is option [B]

26. Which of the following is a function of the Accounts Department?

A. Counselling

B. Training

C. Job Evaluation

D. Budgetary control

E. Job Description

The correct answer is option [D]

27. Unlimited liability in business implies that the _____

A. risk of the owner is limited only to the amount invested

B. debts are paid with subventions

C. property of the owners should not be used to secure loans

D. owner's private property can be used to settle the business debts

The correct answer is option [D]

28. An investor is informed of the number of shares offered to him by means of _____ letter.

- A. allotment
- B. dividend
- C. hypothecation
- D. offer
- E. share

The correct answer is option [A]

Use this information to answer the question.

These balances were extracted from the books of Sunrise Nig. Ltd for the year ending 31st December, 2006.

Purchases - N20, 000

Sales - N56, 000

Opening Stock - N5, 000

Closing Stock - N10, 000

Returns outwards - N2, 000

Returns Inwards - N5, 000

29. What is the rate of turnover of the company?

- A. 1
- B. 1.2
- C. 1.6
- D. 1.7
- E. 3.4

The correct answer is option [D]

30. Which of the following is not an advantage of sole proprietorship?

- A. Small amount of capital for commencement
- B. Flexibility in operation
- C. Perpetual succession
- D. Quick decision making

The correct answer is option [C]

31. Which of the following is NOT performed by the Airports Authority?

- A. Providing loading facilities
- B. Issuing travelling documents
- C. Providing warehouse for cargo
- D. Providing security for passengers

The correct answer is option [B]

32. Partners who allow their names to be used in a partnership but do not take part in the management of the business are called _____

- A. active partners
- B. limited partners
- C. general partners
- D. nominal partners

The correct answer is option [D]

33. A voluntary organization of business firms in an area designed to reduce competition, and control production and distribution is called a _____

- A. association
- B. union
- C. Cartel
- D. Chamber of commerce

The correct answer is option [C]

34. Which of the following is NOT a major source of long term fund for companies?

- A. Bank overdraft
- B. Bonds
- C. Common stock
- D. Preferred stock
- E. Warrant

The correct answer is option [A]

35. The management of a public limited company is usually undertaken by the _____

- A. directors
- B. partners
- C. debenture holders
- D. promoters
- E. shareholders

The correct answer is option [A] The shareholders are referred to as the owners of the company but the management of the company is in the hand of board of directors.

36. Which of the following statements is TRUE of a public limited company?

- A. Minimum membership is two
- B. Shares are not transferable
- C. Shares cannot be bought by the public
- D. Shares are transferable
- E. Maximum membership is twenty

The correct answer is option [D]

37. The basic principle of organization which specifies the limits of functions and the number of people a person can effectively supervise is the _____

- A. span of control
- B. unity of command
- C. scalar principle
- D. delegation of authority

The correct answer is option [A] Span of control is also called span of management

38. Registration of a company is done by the _____

- A. Chamber of Commerce
- B. Cooperate Affairs Commission
- C. Ministry of Industries
- D. Standard Organization of Nigeria
- E. Associations

The correct answer is option [B]

39. Cooperative society came into being basically as a result of one of the following?

- A. Profit making
- B. Promotion of savings and loans
- C. Debenture holding
- D. Provision of essential services

The correct answer is option [B]

40. The business organization in which formation is restricted to 2-50 persons is known as _____

- A. partnership
- B. private limited liability company
- C. public limited Liability Company

D. cooperative society

The correct answer is option [B].

41. Which of the following is NOT an advantage of partnership?

- A. Diversified managerial talents
- B. Greater financial resources
- C. Freedom to terminate business
- D. Account is made public

The correct answer is option [C]

42. Which of the following is NOT a feature of a common stock?

- A. It is the foundation of any company's ownership of the business
- B. It represent ownership of the business
- C. The amount contributed determines the shares in the profit
- D. The issuing of common stock is indispensable
- E. The rate of dividend is usually fixed

The correct answer is option [E]

43. Joint-stock companies can raise funds from _____

- A. the money market
- B. the capital market
- C. the government
- D. federal allocations

The correct answer is option [B]

44. A company whose number of shareholders has no limit is likely to be _____

- A. a holding company
- B. a private limited liability company

- C. a public limited liability company
- D. a public corporation

The correct answer is option [C]

45. Dissolution of the partnership can be effective when _____

- A. the partnership deed is signed
- B. profit is generated
- C. the court issues an order against it
- D. the nominal partner withdraws his financial contribution to the business

The correct answer is option [C].

46. A document which sets out the objectives of a company, its powers and relationship with the public is regarded as _____

- A. Memorandum of association
- B. Source document
- C. Articles of association
- D. Company's master plan

The correct answer is option [A].

47. Which of the following has the distinctive feature of transferring shares freely?

- A. Sole proprietorship
- B. Partnership
- C. Private limited Liability Company
- D. Public limited Liability Company

The correct answer is option [D]

48. Which of the following is an advantage of sole proprietorship?

- A. Continuity

- B. Limited liability
- C. Economies of scale
- D. Quick decision making
- E. More capital

The correct answer is option [D]

49. An invitation to the public for the subscription of a company's share are made in the _____

- A. prospectus
- B. rights issue
- C. share
- D. certificate of trading

The correct answer is option [A]

Use this information to answer the question.

These balances were extracted from the books of Sunrise Nig. Ltd for the year ending 31st December, 2006.

Purchases – N20, 000

Sales – N56, 000

Opening Stock – N5, 000

Closing Stock – N10, 000

Returns outwards – N2, 000

Returns Inwards – N5, 000

50. Determine the net sales of the company?

- A. ₦36,000.00
- B. ₦51,000.00
- C. ₦56,000.00

D. ₦61,000.00

E. ₦66,000.00

The correct answer is option [B]

51. Sole proprietorship is characterized by the following EXCEPT _____

A. individual ownership

B. joint decision making

C. absence of legal entity

D. lack of continuity

The correct answer is option [B].

52. Which of the following price quotations includes all charges to the customer's premises?

A. F.O.B

B. C.O.D

C. C.I.F

D. F.A.S

E. Franco

The correct answer is option [E]

F.O.B - Free On Board, C.O.D - Cash on Delivery, C.I.F - Cos, and Freight

F.A.S - Free At Station

53. Which of the following is often referred to as an artificial person in law?

A. Sole proprietorship

B. Partnership

C. Public limited company

D. Co-operative society

The correct answer is option [C]

An artificial person in law means an intangible, invisible entity having the legal powers of a person.

54. A general partner in a partnership business is one who _____

- A. contributes only capital used in the formation and running of the business
- B. contributes only name in the formation of the business
- C. has agreed to be responsible for the success or failure of the business
- D. is prohibited by law to take active part in the administration of the business

The correct answer is option [C].

55. Shares issued to existing shareholders in proportion to their shareholdings without their paying for them are known as _____

- A. bonus issue
- B. right issue
- C. preference share
- D. deferred share

The correct answer is option [A]

56. Small businesses have continued to survive in West Africa basically because of _____

- A. small capital requirement
- B. hours of business
- C. strict government policies
- D. government assistance

The correct answer is option [A].

57. The enterprises whose main objective is to provide the public with essential services is known as _____

- A. cooperative society

- B. partnership
- C. private company
- D. public corporation

The correct answer is option [D]

58. Which of the following does not have profit making orientation as its core objective?

- A. Limited liability company
- B. Public enterprises
- C. Sole proprietorship
- D. Partnership

The correct answer is option [B]

59. A company whose shares are not easily transferable is a _____

- A. private limited company
- B. public limited company
- C. public corporation
- D. company limited by guarantee

The correct answer is option [A]

60. A contract of sale where ownership passes to the buyer on the payment of the first instalment is known as _____

- A. hire purchase
- B. lease
- C. cash on delivery
- D. credit sale

The correct answer is option [A]

61. Which of the following is a feature of sole proprietorship?

- A. Business name must be registered
- B. Liability of the owner is limited
- C. It is a legal entity
- D. Decisions are promptly made

The correct answer is option [D]

62. Government financial grants is a source of capital to a _____

- A. partnership
- B. public limited company
- C. public corporation
- D. co-operative society

The correct answer is option [C]

63. Are each partner's agent of the firm?

- A. TRUE
- B. FALSE

The correct answer is option [A]

64. Limited liability companies are characterized by the following EXCEPT

- A. legal entity
- B. perpetual succession
- C. public ownership
- D. board of directors' coordination

The correct answer is option [C].

65. Which of the following can quote its shares on the stock exchange?

- A. Partnership

- B. Sole proprietorship
- C. Co-operative society
- D. Public Liability Company

The correct answer is option [D]

66. Which of the following is a major source of capital for Public Corporations?

- A. Shares
- B. Grants
- C. Loans
- D. Savings
- E. Overdrafts

The correct answer is option [B]

67. Which of the following relies on the government for its capital at the commencement of business?

- A. Statutory corporation
- B. Public limited Liability Company
- C. Co-operative society
- D. Private limited Liability Company

The correct answer is option [A]

68. The document of notice, circular, advertisement or other invitation, offered to the public for the subscription of shares is known as _____

- A. prospectus
- B. underwriting
- C. rebate
- D. stock advert

The correct answer is option [A].

69. A company's 50k shares bought at 200k per share is said to be sold at _____

- A. par value
- B. a premium
- C. below par value
- D. ex-dividend
- E. cum-dividend

The correct answer is option [B]

70. Public corporation are not 'profit oriented'. This means that, they are _____

- A. make profit which is shared among the workers
- B. not interested in making profit
- C. do not have enough capital to make profit
- D. not primarily established for profit making
- E. always run at a loss

The correct answer is option [D]

71. The followings are reasons why Government owned Public enterprises EXCEPT

- A. internal production
- B. essential service
- C. good infrastructural base
- D. national security
- E. capital requirements

The correct answer is option [A]

72. Which of the following is a major source of capital for public corporations?

- A. Shares
- B. Grants
- C. Loans

- D. Savings
- E. Overdrafts

The correct answer is option [B]

73. The following are public cooperations EXCEPT _____

- A. Central Bank
- B. Nigeria Airways
- C. Nigerian TeleLimited
- D. Post office
- E. Unity Bank Plc.

The correct answer is option [E]

74. The written agreement which governs the affairs of a partnership business is called _____

- A. partnership deed
- B. memorandum of understanding
- C. partners' issue of rights
- D. patent rights

The correct answer is option [A]

75. Which of the following is NOT a reason for the establishment of a public corporation?

- A. Avoidance of duplication
- B. Capital involvement
- C. Security reasons
- D. Profit motive

The correct answer is option [D]

76. The number of subordinates that one person can supervise effectively is the _____

- A. unity of command
- B. chain of command
- C. organizational hierarchy
- D. delegation of authority
- E. span of control

The correct answer is option [E]

77. Which of the following is an example of public enterprise?

- A. First Bank Nigeria Plc.
- B. Dangote Flour Mills
- C. Nigerian Railway Corporation
- D. Nigerian Breweries

The correct answer is option [C]

78. Which of the following is the amount of capital a limited liability company must NOT exceed by law?

- A. Working capital
- B. Nominal capital
- C. Loan capital
- D. Fixed capital

The correct answer is option [B]

79. The main function of a thrift and credit cooperative society is to _____

- A. encourage members to buy cheaply
- B. enable members get the highest profit
- C. help members get legal redress

D. encourage members to save

The correct answer is option [D]

80. In which of the following organizations are members entitled to one vote, irrespective of the number of shares held?

A. Public corporation

B. Partnership

C. Limited company

D. Co-operative society

The correct answer is option [D]

81. An existing partnership is dissolved if it _____

A. is registered under a name

B. has been registered for over ten years

C. has no limited partner

D. admits a new partner

The correct answer is option [D]

82. In Public Limited Liability Companies, equities are referred to as _____

A. preference shares

B. authorized capital

C. ordinary shares

D. called-up capital

The correct answer is option [C]

83. The document that deals with the internal affairs of a company including the rights and duties of directors and members is known as _____

A. Memorandum of association

- B. Director's schedule
- C. Memorandum of understanding
- D. Articles of association

The correct answer is option [D].

84. A private company is one which _____

- A. must publish its audited account
- B. floats its shares on market
- C. restricts the rights to transfer its shares
- D. is owned by a maximum of twenty members

The correct answer is option [C]

85. Certificate of trading as one of the documents in the formation of a company is needed only by _____

- A. public limited Liability Company
- B. public corporation
- C. cooperative society
- D. none of the above

The correct answer is option [A].

86. The partnership financial statement which shows how the net divisible profit of the firm is shared among the partners in their agreed profit and loss sharing ratio is the _____

- A. balance sheet
- B. partners' current account
- C. managerial account
- D. appropriation account

The correct answer is option [D]

87. A letter a public company sends to an unsuccessful applicant together with the refund of his application money is called _____

- A. letter of allotment
- B. letter of regret
- C. share certificate
- D. letter of rights

The correct answer is option [B]

TOPIC: FINANCE AND FINANCIAL INSTITUTIONS

DIRECTION: Choose the correct answer from the lettered options.

1. The market where short-term loans can be obtained by investors is called the

- A. capital market
- B. foreign exchange market
- C. money market
- D. stock exchange
- E. commodity market

The correct answer is option [C]

2. A house worth ₦50,000 was insured against fire for ₦30,000. Fire destroyed and caused damages worth ₦20,000 on the house. Under which principle will the owner be entitled to a compensation of ₦20,000?

- A. Contribution
- B. Subrogation
- C. Indemnity
- D. Uberrimae fidei

The correct answer is option [C] Indemnity is the principle whereby the insured is compensated by placing him in the former position he was before suffering the loss. In other words, the company will help to restore the insured back to his position.

3. The conditions the insured must fulfil in order to avoid the insurer declaring the policy invalid is known as _____

- A. indemnity
- B. barratry
- C. warranty
- D. policy tie

The correct answer is option [C]

4. Companies offer advice to individuals, organizations and the government.

- A. True
- B. False

The correct answer is option [A]

5. Any policy which provides for the beneficiary when the assured dies is called _____

- A. pension scheme
- B. whole life assurance
- C. accident
- D. endowment

The correct answer is option [B]

6. The governing body of is known as _____

- A. Council
- B. Commission
- C. Association
- D. Market

The correct answer is option [A]

7. performs all the following functions EXCEPT that it

- A. makes buying and selling of securities possible
- B. assists government in implementing its monetary policies
- C. gives overdraft to those who on the floor of the market
- D. determines the value of shares and stocks

The correct answer is option [C]

8. Which of the following speculators in deals only in new shares and stocks?

- A. Bears

- B. Bulls
- C. Jobbers
- D. Stags

The correct answer is option [D]

9. The market where existing securities are bought and sold is a _____

- A. money market
- B. mini-market
- C. foreign exchange market
- D. stock exchange market

The correct answer is option [D]

10. A company could be defined as _____

- A. a financial institution involved in the protection of persons and objects against risks
- B. a financial house with large capital base
- C. a financial frontier for selling shares
- D. a financial institution with vested interest in banks
- E. a clearing house for commercial banks

The correct answer is option [A]

11. Bulls, bears and stags are speculators found in the

- A. local markets
- B. world
- C. stock exchange market
- D. banks

The correct answer is option [C].

12. A policy which covers an event that is sure to occur in future is _____

- A. fire
- B. marine
- C. life
- D. burglary
- E. accident

The correct answer is option [C]

13. Which of the following is paid by a policy holder to an insurer?

- A. Brokerage
- B. Premium
- C. Dividend
- D. Warranty

The correct answer is option [B]

14. A debenture is mortgaged when it is _____

- A. not secured on the assets of a company
- B. secured on the assets of a company
- C. irredeemable
- D. redeemable

The correct answer is option [B] A mortgaged debenture means that in case the company goes bankrupt, the holders of these debentures are entitled to part of the firm's property in exchange for their loan.

15. The profit that accrues to jobbers as members of is called _____

- A. jobber's turn
- B. jobber's premium
- C. jobber's wages

D. brokerage

The correct answer is option [A]

16. Which of the following is a function of a "Bull" in the stock exchange?

- A. Subscribes for new shares only
- B. Buys shares in anticipation of a price rise
- C. Sell shares in anticipation of a fall in price
- D. Records proceeding in market

The correct answer is option [B]

Bull is the name given to the speculator who buys securities at lower prices with the intention of selling at higher prices before the payment on the security is due.

17. Which of the following is not a type of life assurance policy?

- A. Whole life assurance
- B. Endowment policy
- C. Term assurance
- D. Indemnified assurance

The correct answer is option [D]

18. The person that assesses the amount that will be paid to the insured if he suffers the risk insured against is called _____

- A. an actuary
- B. assessor loss adjustor
- C. a speculator
- D. barratry

The correct answer is option [B]

19. A firm that helps to prepare prospectuses and to sell securities offered to the public by companies and government is known as _____

- A. issuing house
- B. investment commission
- C. holding company
- D. commercial banks

The correct answer is option [A]

20. Which of the following is NOT true of insurance?

- A. companies can invest money entrusted to them
- B. A motorist must insure against third party risks
- C. Changes in demand are insurable
- D. Gambling is uninsurable

The correct answer is option [C]

21. Which of the following is NOT an insurable risk?

- A. Flood
- B. Fire
- C. Accident
- D. Embezzlement
- E. Burglary

The correct answer is option [D]

22. _____ was the only company in Nigeria until 1949.

- A. Royal Assurance Company
- B. Nigerian Exchange
- C. Nigerian Company
- D. Royal Exchange Assurance

E. None of the above

The correct answer is option [D]

23. The document a broker sends to his client containing the details of the transactions carried out on his behalf is known as _____

A. document

B. contract note

C. securities right

D. placement copy

The correct answer is option [B]

24. Which of the following cheques does NOT require endorsement?

A. Specially crossed cheque

B. Open cheque

C. Bearer cheque

D. Generally crossed cheque

The correct answer is option [B]

Open cheque is made payable to a person named on it

25. The amount the company will pay the assured if the assured discontinues his life assurance policy before maturity date is called _____

A. actuary

B. warranty

C. surrender value

D. accumulated value

The correct answer is option [C]

26. The money clients pay to companies is called

- A. fixed deposit
- B. call deposit
- C. current account
- D. cash
- E. premium

The correct answer is option [E]

27. A speculator who applies for the issue of new stocks and shares even though he has no intention of taking them up personally is called a _____

- A. stag
- B. bull
- C. bear
- D. broker
- E. jobber

The correct answer is option [A]

28. Which of the following is true of cumulative preference shares?

- A. Dividends are kept in a reserve account
- B. Unpaid dividend is forfeited
- C. Holders are entitled to further share in profits
- D. Any unpaid dividend is carried forward
- E. The shareholders can obtain capital refund on demand

The correct answer is option [D]

29. When the life of a policy holder is assured for a stated period, it is known as _____

- A. endowment

- B. whole life assurance
- C. employers' liability
- D. fidelity
- E. group

The correct answer is option [A]

30. Which of the following is not a type of marine insurance?

- A. Voyage policy
- B. Third party policy
- C. Floating policy
- D. Freight policy
- E. Valued policy

The correct answer is option [B]

31. Which of the following types of securities is backed by substantial guarantee of payment of interests and eventual redemption?

- A. Stocks
- B. Debentures
- C. Bonds
- D. Gilt-edge securities

The correct answer is option [D]

32. The difference between the jobber's buying price and selling price is known as Jobber's _____

- A. Turnover
- B. Turn
- C. Price
- D. Rate

E. Commission

The correct answer is option [B]

33. Which of the following is NOT a speculator in the stock exchange?

A. Brokers

B. Bulls

C. Bears

D. Stags

The correct answer is option [A]

34. The person that calculates the amount an insured will pay as the premium based on the statistical information available to him and past experiences is known as _____

A. an insurer

B. an actuary

C. a broker

D. a marketer

The correct answer is option [B].

35. A stock exchange speculator who buys shares to resell them in anticipation that prices will rise is called a _____

A. stag

B. bull

C. bear

D. broker

E. jobber

The correct answer is option [B]

A Stag is a speculator that deals only on new shares and stocks.

A Bear specializes in the sale of securities which he does not possess.

Brokers are dealers in stocks and shares who act as agents on behalf of members of the public.

36. Is a good example of _____

- A. capital market
- B. money market
- C. market
- D. labour market

The correct answer is option [A]

37. The amount the company will pay the assured if the assured discontinues his life assurance policy before the maturity date is called _____

- A. actuary
- B. warranty
- C. surrender value
- D. accumulated value

The correct answer is option [C]

38. A retirement policy which enables the assured to receive income for a specific period is _____

- A. annuity
- B. endowment
- C. whole life
- D. fidelity guarantee

The correct answer is option [A]

Here the assured pays a lump sum of money which matures at the retirement of the assured. The company makes regular payment of income to the policy holder on his retirement for a specified period.

39. The act of buying securities at a lower price and re-selling at a higher price is known as _____

- A. speculation
- B. backwardation
- C. customization
- D. credit

The correct answer is option [A]

40. When a company indemnifies the insured and takes over his rights, this is known as _____

- A. abandonment
- B. subrogation
- C. proximate cause
- D. contribution

The correct answer is option [B] Subrogation principle states that once the insured has been indemnified (compensated) against a loss, the insurer takes the right of the insured.

41. Which of the following is true of cumulative preference shares?

- A. Dividends are kept in a reserve account
- B. Unpaid dividend is forfeited
- C. Holders are entitled to further share in profits
- D. Any unpaid dividend is carried forward
- E. The shareholders can obtain capital refund on demand

The correct answer is option [D]

42. Which of the following cannot be insured?

- A. Flood
- B. Embezzlement

- C. Accident
- D. Fire
- E. Burglary

The correct answer is option [B]

43. Which of the following is true about cumulative preference share?

- A. Unpaid dividends are carried forward
- B. Shareholders can secure capital refund on demand
- C. Shareholders are entitled to further share of profit
- D. Dividends are paid into a special account

The correct answer is option [A] Cumulative preference shares entitles the holders to claim arrears of dividends.

44. When the life of a policy holder is assured for a stated period, it is known as _____

- A. endowment
- B. whole life assurance
- C. employers' liability
- D. fidelity
- E. group

The correct answer is option [A]

45. The payment made by a speculator who is unable to deliver the agreed securities to the buyer on the required date is called _____

- A. simple interest
- B. reparation
- C. backwardation
- D. compensation

The correct answer is option [C]

46. The Lagos Stock Exchange commenced business transactions in _____

- A. 1961
- B. 1965
- C. 1979
- D. 1948

The correct answer is option [A] It was established in 1960 but started business in 1961.

47. The policy that covers a vessel for a specified journey is known as _____

- A. time policy
- B. voyage policy
- C. mixed policy
- D. term policy

The correct answer is option [B]

48. The term 'blue chips' when used in means _____

- A. the stocks and shares of well-known and highly reputable companies that assure steady profit
- B. the price of shares will soon fall
- C. the price of shares will soon rise
- D. the speculators in the market are about to take advantage of buyers in the market

The correct answer is option [A]

49. 'Uberrimae fidei' as a principle suggests _____

- A. a contract of minimal loss
- B. a contract of utmost good faith
- C. a contract of willful indemnity
- D. a contract of insurable interest

The correct answer is option [B].

50. A temporary document issued by the insurer to the proposed insured for the period before the policy itself will be ready is called _____

- A. cover note
- B. policy drive
- C. policy tie
- D. paper note

The correct answer is option [A]

51. Which of the following is an uninsurable risk?

- A. Burglary
- B. Personal accident
- C. Change in fashion
- D. Fidelity guarantee

The correct answer is option [C]

52. The process of sharing a risk already taken by an insurer with other insurers by sharing the premium is known as _____

- A. reinsurance
- B. policy formation
- C. policy tie
- D. group

The correct answer is option [A].

53. Which of the following perfectly relates to market?

- A. Insurer, jobbers and stags
- B. Bulls, bears and stags
- C. Broker, insurer and bulls
- D. Agents, insurer and middlemen

The correct answer is option [B].

54. A market for buying and selling of existing securities is provided by the _____

- A. Stock exchange
- B. Central bank
- C. Chamber of commerce
- D. Commodity market

The correct answer is option [A]

TOPIC: INDIGENISATION AND NATIONALISATION/DIVESTITURE

DIRECTION: Choose the correct answer from the lettered options.

1. Which of the following organizations fall under the category of nationalized companies in Nigeria?

- A. Guinness Nig. Plc.
- B. Nigerian Breweries
- C. African Petroleum
- D. Shell Petroleum Development Company

The correct answer is option [C]

2. If Americans are made to take full part in the industrial sector of their economy, which of the following could be said to have taken place?

- A. Indigenization
- B. Nationalization
- C. Globalization
- D. Capitalization

The correct answer is option [A].

3. Organizations which came into existence via acts of parliament for the benefit of the populace are called _____

- A. public enterprises
- B. joint stock Company
- C. African Petroleum
- D. national assembly

The correct answer is option [A]

4. Exclusive state of ownership and control of some industries is referred to as _____

- A. indigenization
- B. rationalization
- C. privatization
- D. nationalization
- E. commercialization

The correct answer is option [D]

5. The practice whereby government relinquishes its ownership interest to public enterprise is called _____

- A. unbundling
- B. commercialization
- C. privatization
- D. nationalization

The correct answer is option [C]

6. The public only bears business losses when

- A. it is a sole proprietorship arrangement
- B. a company has already been nationalized
- C. there is a fire disaster in a partnership business
- D. shareholders are fraudulent

The correct answer is option [B]

7. Which of the following will NOT encourage the adoption of the indigenization policy in NIGERIA?

- A. Local retention of profit
- B. Encouragement of foreign investors
- C. Reduction of foreign control

D. Reduction in the prices of goods

The correct answer is option [B]

8. The Nigerian Enterprises Promotion Decree designed to encourage indigenization was promulgated in _____

A. 1970

B. 1971

C. 1972

D. 1973

The correct answer is option [C]

9. The indigenization policy has the following setbacks, EXCEPT

A. discouragement of foreign investors

B. concentration of wealth in the hands of few citizens

C. reduction of country's dependency

D. widening of the gap between the rich and the poor

The correct answer is option [C]

10. The privatization policy emerged as a result of the poor performance of _____

A. commercial banks

B. foreign companies

C. public enterprises

D. oil firms and textile industries

The correct answer is option [C]

11. When foreign desperadoes are put to check in the control of a nation's economy, it suggests

A. nationalization

- B. indigenization
- C. localization of industries
- D. liberalization

The correct answer is option [B]

12. Public corporations are established to _____

- A. reduce government spending
- B. boost government revenue
- C. improve the provision of social amenities
- D. create vacancies for public offices

The correct answer is option [C]

13. The revision of the 1972 Nigerian Enterprises Promotion Decree which encouraged indigenization took place in _____

- A. 1982
- B. 1983
- C. 1979
- D. 1977

The correct answer is option [D]

14. The strategy of encouraging greater participation of indigenes of a country in the industrial sector of their economy is known as _____

- A. indigenization
- B. commercialization
- C. nationalization
- D. privatization

The correct answer is option [A]

15. Which of the following is a benefit of privatization?

- A. Private ownership
- B. Downsizing
- C. Greater room for efficiency
- D. Government control

The correct answer is option [C]

16. Which of the following will you suggest in order to increase the involvement of Nigerians in local industries?

- A. Structural Adjustment Programme
- B. Privatization policy
- C. Commercialization policy
- D. Indigenization policy

The correct answer is option [D]

17. The policy initiative which encourages Nigerians to own and manage business enterprise is called _____

- A. commercialization
- B. indigenization
- C. industrialization
- D. nationalization
- E. privatization

The correct answer is option [B]

18. When applied in an economy, deregulation attempts to _____

- A. destabilize the economy
- B. make statutory corporations more business oriented in their operations
- C. break private monopoly

D. combine the advantages of indigenization and nationalization

The correct answer is option [B]

19. Which of the following is NOT a reason for the introduction of the indigenization decree in Nigeria?

- A. Reduction of foreign control over the economy
- B. Reduction of the country's dependency
- C. Creation of unemployment for indigenes
- D. Encouragement of local retention of profit

The correct answer is option [C]

20. Maximization of local retention of profits is one of the aims of _____

- A. nationalism
- B. privatization
- C. commercialization
- D. indigenization

The correct answer is option [D]

21. The involvement of nationals in the ownership and management of business enterprises formerly owned by foreigners is called _____

- A. nationalization
- B. indigenization
- C. industrialization
- D. privatization
- E. commercialization

The correct answer is option [B]

22. The taking over or transfer from private to state government ownership of enterprises for social, economic and political reasons is a manifestation of _____

- A. indigenization policy
- B. statutory policy
- C. nationalization policy
- D. structural adjustment policy

The correct answer is option [C]

23. Exclusive state ownership and control of some industries is referred to as _____

- A. indigenization
- B. rationalization
- C. privatization
- D. nationalization
- E. commercialization

The correct answer is option [D]

24. Government interference is a usual feature of _____

- A. partnership business
- B. public corporations
- C. state corporations
- D. government-owned industries

The correct answer is option [B].

25. The involvement of nationals in the ownership and management of business enterprises formerly owned by foreigners is called _____

- A. nationalization
- B. indigenization
- C. industrialization

- D. privatization
- E. commercialization

The correct answer is option [B]

26. Public corporations are established through _____

- A. certificate of incorporation
- B. certificate of trading
- C. acts of parliament
- D. referendum

The correct answer is option [C]

27. Nationalized industries are mainly financed by _____

- A. expatriates
- B. multi-national industries
- C. the government
- D. the World Bank

The correct answer is option [C].

28. Which of the following is not a feature of public corporations?

- A. Huge capital involvement
- B. It is established by an act of parliament
- C. It renders essential services
- D. Provision of customer services

The correct answer is option [D]

29. The primary objective of privatization in Nigeria is _____

- A. accountability
- B. transparency

- C. responsiveness
- D. efficiency

The correct answer is option [D]

30. _____ is said to take place when profit orientation of government owned enterprises replaces service orientation.

- A. Nationalization
- B. Commercialization
- C. Indigenization
- D. Privatization

The correct answer is option [B].

31. The process of reducing the control of a nation's economy by foreign economic desperadoes is expressed in _____

- A. nationalization
- B. indigenization
- C. industrialization
- D. home

The correct answer is option [B]

32. The exploitation and discrimination in the provision of essential services can be curbed through _____

- A. commercialization
- B. privatization
- C. unbundling
- D. nationalization

The correct answer is option [D]

33. The transfer of ownership of a business from private individuals to the government of a country is known as _____

- A. privatization
- B. indigenization
- C. nationalization
- D. entrepreneurship

The correct answer is option [C]

TOPIC: TRADE

DIRECTION: Choose the correct answer from the lettered options.

1. The type of bank bill in which the exporter orders the bank not to hand over the document to the importer unless he pays the invoice value of the goods to the bank is known as _____

- A. D/A - Documents against Acceptance bill
- B. D/P - Documents against Payment bill
- C. D/W - Documents against Warranty bill
- D. D/M - Documents against Manifest bill
- E. D/I - Documents against Invoice bill

The correct answer is option [B]

2. What document is used when a cargo is not delivered at the quay, but loaded at the barge or lighter?

- A. Ship's manifest
- B. Freight note
- C. Mate's receipt
- D. Policy of
- E. Shipping note

The correct answer is option [C] Mate's Receipt -- A declaration issued by an officer of a vessel stating that certain goods have been received on board his vessel.

3. A group of public limited companies that collectively own a joint venture is known as a

- A. holding company
- B. consortium
- C. cartel
- D. trust

E. merger

The correct answer is option [B]

Holding company is the one that holds greater portion of the shares in other companies

Cartel is a voluntary association of independent producers of similar commodities aimed at controlling both price and output

Trust is the integration of two or more companies.

4. When fish sellers in a local environment decide to come together with the common goal of protecting their business interest, they form a _____

A. association

B. Merger

C. Cartel

D. Holding company

The correct answer is option [A]

5. Which of the following is a characteristic of the Chambers of Commerce?

A. It is financed by the government

B. It is open only to rich organizations

C. It is independent of government control

D. It is an agent of the Central Bank of Nigeria

The correct answer is option [C]

6. When a business firm controls more than half of another firm's equity, it suggests _____

A. a consortium

B. a merger

C. a holding company

D. a syndicate

The correct answer is option [C]

7. The most permanent form of integration is a _____

- A. merger
- B. consortium
- C. price ring
- D. cartel
- E. holding company

The correct answer is option [A]

8. In a retail cooperative society, liabilities are limited to the capital contributed by members.

- A. True
- B. False

The correct answer is option [B] In retail cooperative society liabilities are unlimited.

9. A document authorizing the selling of goods in foreign when payment or acceptance of a bill of exchange is refused is known as _____

- A. document of title
- B. guarantee authority
- C. letter of credit
- D. letter of hypothecation

The correct answer is option [D]

10. A voluntary association of independent producers of similar commodities aimed at controlling both price and output is called a _____

- A. conglomeration
- B. merger
- C. cartel
- D. combination

The correct answer is option [C]

11. Which of the following is NOT a reason for forming a cartel?

- A. To eliminate competition
- B. To increase the profit potentials of the members
- C. To promote foreign transactions
- D. To keep up the prices of members' products

The correct answer is option [C].

12. Hedging could be defined as _____

- A. a system of future contract of selling or buying goods in order to mitigate fluctuations in prices
- B. payment made to recover seized goods
- C. transactions not backed up by law
- D. overhead costs

The correct answer is option [A].

13. Dock receipt is also known as _____

- A. weight note
- B. ship's report
- C. ships manifest
- D. wharfinger's receipt
- E. freight note

The correct answer is option [D]

14. Certificate of is also known as _____

- A. freight note
- B. mate's receipt
- C. shipping note
- D. policy of

E. ship's manifest

The correct answer is option [D]

15. The body that directly coordinates the activities of unions in Nigeria is _____

- A. Nigeria Chambers of Commerce
- B. Nigeria Union Congress
- C. Nigeria Labour Congress
- D. International Labour Organisation

The correct answer is option [B]

16. Which of the following is formed for the primary purpose of acquiring and controlling interests in other firms?

- A. Holding company
- B. Amalgamation
- C. Merger
- D. Cartel
- E. Consortium

The correct answer is option [A]

17. The compensation a charter pays to the ship-owners for delaying the ship beyond the specified period of time allowed for the ship to load and unload in a port is called _____

- A. demurrage
- B. fiduciary issue
- C. an indent
- D. dead freight

The correct answer is option [A].

18. The Manufacturers Association of Nigeria (MAN) functions in all the following areas EXCEPT

- A. protection of members' interest
- B. serving as a link between the government and foreign investors
- C. ensuring that goods are produced in line with the prescribed standards
- D. enforcing legislations on consumer protection

The correct answer is option [D]

19. Associations performs all of the following functions EXCEPT

- A. enhancing information among members
- B. settling disputes within the association
- C. establishing a link between their members and the government
- D. supervision of contraband goods

The correct answer is option [D].

20. A letter an exporter sends together with the shipping documents empowering a bank to sell goods if the importer fails to accept or pay the bill is known as _____

- A. Letter of allotment
- B. Letter of hypothecation
- C. Letter of credit
- D. Bank draft

The correct answer is option [B].

21. What is a trunk call?

- A. A telephone call within a town
- B. A telephone call made outside the local calling area
- C. A telephone call within an office setting
- D. A telephone call made without any wiring system

E. None of the above

The correct answer is option [B]

22. A voluntary association of independent firms formed for the purpose of executing a large capital project is a _____

- A. Merger
- B. Consortium
- C. Cartel
- D. Trust

The correct answer is option [B]

23. _____ is a document lodged with the department of customs and excise, giving full details of the goods imported into a country or exported outside the country.

- A. Ship's manifest
- B. freight note
- C. Custom's specification
- D. Custom's duty
- E. Custom's charge

The correct answer is option [C]

24. A voluntary group which individuals identify with to protect their interest is called _____

- A. chamber of commerce
- B. association
- C. stock exchange
- D. consumer association

The correct answer is option [B]

25. A consular invoice is prepared by the _____

- A. importer
- B. exporter
- C. ports authority
- D. certificate of origin
- E. consular invoice

The correct answer is option [A]

26. _____ is a document issued to the exporter when he delivers the goods at the dock by the ports authorities specifying the weight and the measurement of the goods.

- A. Dock receipt
- B. ships manifest
- C. Mate's receipt
- D. Freight note
- E. None of the above

The correct answer is option [E]

27. Which of the following is NOT a feature of a cartel?

- A. Allocation of quantity quotas to members
- B. Output is restricted to force up price
- C. Members are independent producers of similar products
- D. Freedom to decide quantity quotas by members

The correct answer is option [D]

28. What does C.W.O mean?

- A. Cash with Organisation
- B. Cash with Order

- C. Cash with Cooperative
- D. Capital with Operation
- E. Credit with Order

The correct answer is option [B]

29. Wharfinger's receipt is also known as _____

- A. dock indent
- B. dock note
- C. dock payment
- D. dock bill
- E. None of the above

The correct answer is option [E]

30. The gathering of business information for the purpose of members' benefit is a major feature of _____

- A. associations
- B. pressure groups
- C. political parties
- D. administration department

The correct answer is option [A]

31. Which of the following is TRUE of associations?

- A. It involves only people who are engaged in a similar line of
- B. It has national and international outlook
- C. Membership is not restricted to a particular type of business or
- D. They are formed simply for political reasons

The correct answer is option [A]

32. Which of the following is NOT true of Chambers of Commerce?

- A. It has national and international coloration
- B. It is regionally based
- C. It offers advice to the government
- D. They promote international through the organization of fairs

The correct answer is option [B]

33. The followings are some reasons why consumers need protection EXCEPT _____

- A. to sure that goods offered for sales are not adulterated and counterfeit.
- B. to ensure that the directions for use and usage of products are provided to avoid injuries to consumers
- C. to ensure that dangerous and expired products are not offered for consumers
- D. promote availability of raw materials to meet production of their consumable products.

The correct answer is option [D]

34. In public limited liability companies, liabilities are limited to the capital contributed by members.

- A. True
- B. False

The correct answer is option [A]

35. Dead freight connotes _____

- A. payment made by the charterer for the unused space in a chartered ship
- B. payment made for delaying a ship beyond the specified period
- C. payment on duty free goods
- D. payment of customs drawback

The correct answer is option [A].

36. Membership of associations in Nigeria is _____

- A. mandatory
- B. coordinate
- C. antithetical
- D. voluntary

The correct answer is option [D]

37. The association formed by businessmen from different commercial fields is regarded as _____

- A. Union
- B. Chambers of Commerce
- C. Labour Union
- D. Campaign for Equal Rights

The correct answer is option [B]

38. Horizontal integration, if adopted, will result in all of the following EXCEPT

- A. maintenance of stable prices
- B. monopolistic tendencies
- C. elimination of waste
- D. linking up various stages of production

The correct answer is option [D]

39. _____ is a document that indicates the country where goods come from or are manufactured.

- A. Export licence
- B. Import licence
- C. Export invoice
- D. Bill of lading

E. Certificate of origin

The correct answer is option [E]

40. Documentary credits is also known as _____

A. revocable letter of credit

B. commercial credit

C. acceptance credit

D. factoring

E. letter of hypothecation

The correct answer is option [B]

41. _____ is a letter an exporter sends together with the shipping documents empowering a bank to sell goods if the importer fails to accept or pays the bill.

A. Travelers cheque

B. Document of credits

C. Letter of hypothecation

D. Factoring

E. Bank draft

The correct answer is option [C]

42. Which of the following reasons does NOT necessitate integration?

A. The need to fight economic recession

B. The drive to reap the benefit of monopoly

C. The benefit of large scale production

D. The need to increase cost of production

The correct answer is option [D]

43. Which of the following is not a function of the Manufacturers' Association of Nigeria?

- A. Protection of members' interest
- B. Serving as a link between the government and foreign investors
- C. Ensuring that goods are produced according to the prescribed standards
- D. Collection of excise duties on manufactured goods

The correct answer is option [D]

44. An association formed by cement producers to protect their interest is known as _____

- A. chambers of commerce
- B. union
- C. association
- D. cartel

The correct answer is option [C]

45. When a firm engaging in cocoa processing amalgamates with the one producing beverages, which of the following has taken place?

- A. Vertical integration
- B. Horizontal integration
- C. Lateral integration
- D. Parallel integration

The correct answer is option [A]

46. In industrial integration, members who form a Trust are issued _____

- A. certificate of ownership
- B. trust certificate
- C. debenture certificate

D. shareholding certificate

The correct answer is option [B]

47. The difference between guaranteed mail transfer and mail transfer is that _____

A. in mail transfer, the date of payment is uncertain while it is fixed in guaranteed mail transfer

B. mail transfer is transferable while guaranteed mail transfer is not

C. in mail transfer, the date of payment is fixed while it is not fixed in guaranteed mail transfer

D. mail transfer is used for importation while guaranteed mail transfer is used for exporters

E. All of the above

The correct answer is option [A]

48. A method of financing exports in which a financial institution or a factory buys completely all the invoiced debts of the exporter every week is known as _____

A. factoring

B. letter of hypothecation

C. bank draft

D. acceptance credit

E. documentary credits

The correct answer is option [A]

49. The professional association which furthers the course of engineers in Nigeria is known as _____

A. Council of Registered Engineers of Nigeria [COREN]

B. Engineering Practitioners Association of Nigeria [EPAN]

C. Manufacturer's Association of Nigeria [MAN]

D. Nigerian Engineers Association of Nigeria [NEAN]

The correct answer is option [A].

50. The document of title to goods being shipped abroad is known as ____

- A. consignment note
- B. ships manifest
- C. bill of entry
- D. bill of lading

The correct answer is option [D]

51. Integration becomes necessary in order to _____

- A. promote industrial dispute
- B. attract government attention
- C. enjoy large economies of scale
- D. promote interdependence of industries

The correct answer is option [C]

52. Cooperative wholesale societies do not sell to individuals but retail outlets who are members.

- A. True
- B. False

The correct answer is option [A]

53. A document which states that the exporter has kept the goods at the port's warehouse awaiting clearing is known as _____

- A. dock receipt
- B. dock note
- C. dock payment
- D. dock bill

The correct answer is option [A]

54. Retail cooperative society may only be registered.

- A. True
- B. False

The correct answer is option [A]

55. The document handed over to the master of a ship as an evidence that the goods have been delivered in safe conditions is _____

- A. letter of rights
- B. letter of allotment
- C. letter of credit
- D. letter of indemnity

The correct answer is option [D].

56. The type of bank bill in which the exporter orders the bank to hand over the documents to the importer if the bill of exchange is credited is known as _____

- A. D/A - Documents against Acceptance bill
- B. D/P - Documents against Payment bill
- C. D/W - Documents against Warranty bill
- D. D/M - Documents against Manifest bill
- E. D/I - Documents against Invoice bill

The correct answer is option [A]

57. The integration of different competing firms in different lines of business under a single control is called _____

- A. trust
- B. syndicate
- C. cartel
- D. holding Company

The correct answer is option [A]