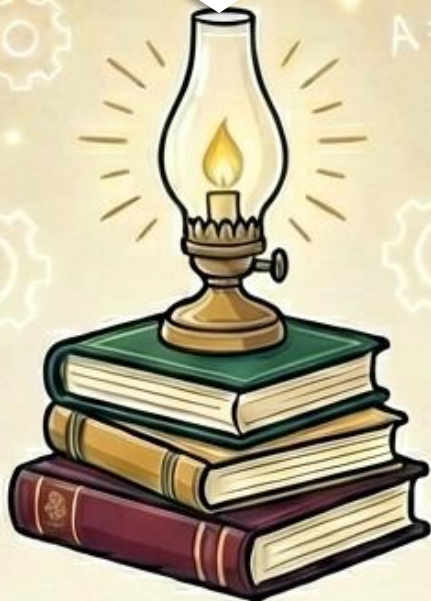




$$A = \frac{m}{(m^2 + c)^2}$$



NIOS PYQ's SOLUTIONS

$$\bar{a} = bc^2$$

$$\sqrt{h-x^2}$$

PREVIOUS YEARS' QUESTIONS & ANSWERS



APRIL-2025

Your Path to Success

SECTION - A

A.
B.
C.



Q1 - Credit vouchers are prepared for:

- (A) Cash Payments (B) Credit Sales
(C) Cash received from debtors (D) Amount deposited into Banks

Answer - (B) Credit Sales

Q2 – The balance of account receivables is:

- (A) Debit (B) Credit
(C) Both Debit and Credit (D) None of the above

Answer - (A) Debit

Q3 – There is an amount of securities premium shown in the liability side of Balance Sheet of a Company, for which purpose can it be utilised?

- (A) For issuing fully paid bonus shares
(B) To pay off a long term loans
(C) For paying dividend to shareholders
(D) For paying directors' remuneration

Answer - (A) For issuing fully paid bonus shares

Q4 – Amount of securities Premium Account is transferred to :

- (A) Capital Reserve A/c
(B) General Reserve A/c
(C) Capital Redemption Reserve A/c



(D) Shown under Reserve and surplus as securities premium

Answer - (D) Shown under Reserve and surplus as securities premium

Q5 – Identity the item to be added to capital fund of a not for profit organisation.

(A) Subscription

(B) Entrance fees

(C) Life Membership fees

(D) Govt Grant

Answer - (C) Life Membership fees

Q6 - A company had forfeited 200 shares of ₹100 each issued at a premium of 10% on which ₹20 per share on 1st call is not received and final call of ₹20 per share is not made. The share capital account will be debited by:

(A) ₹16,000

(B) ₹20,000

(C) ₹18,000

(D) ₹15,000

Answer - (A) ₹16,000

Q7 - If debit side of profit and loss account is more than its credit side the result is:

(A) Gross Profit

(B) Gross Loss

(C) Net profit

(D) Net Loss

Answer - (D) Net Loss

Q8 – On the death of a partner, executors are entitled to the amount of Joint Life Policy :

(A) the whole amount

(B) equally shared amount

(C) deceased partner's share in profits



(D) none of the above

Answer - (C) deceased partner's share in profits

Q9 - On dissolution of partnership Gunakshi a partner agrees to pay off her mother's loan to the firm will be:

(A) debited to Gunakshi's mother's Loan Account

(B) debited to Gunakshi's Capital Account

(C) credited to Gunakshi's Capital Account

(D) credited to Realization Account

Answer - (C) credited to Gunakshi's Capital Account

Q10 - The amount of goodwill brought in by the incoming partner on his/her admission will be shared between old partners in their:

(A) Capital Ratio

(B) Profit Sharing Ratio

(C) Equal Ratio

(D) Sacrificing Ratio

Answer - (D) Sacrificing Ratio

Q11 - P and Q are partners sharing profits in the ratio of 3:2. R is admitted as a new partner for $\frac{1}{5}$ th share in profits. R acquires $\frac{2}{3}$ of his share from P and $\frac{1}{3}$ of his share from Q. New profit-sharing ratio will be :

(A) 4 : 3 : 2

(B) 7 : 5 : 3

(C) 3 : 2 : 1

(D) None of the above

Answer - (B) 7 : 5 : 3

Q12 – Which of the following controls and coordinates the activities of all the components of computers ?

(A) Memory unit

(B) Input Unit



(C) Output Unit

(D) Control Unit

Answer - (D) Control Unit

Q13 – Which business organisation cannot maintain account books on Single Entry System?

(A) A Sole Trader

(B) Joint Stock Company

(C) Partnership firm

(D) Joint Hindu Family Business

Answer - (B) Joint Stock Company

Q14 – Identify the error of principle in the following cases :

(A) Sales Book in under caste by ₹2,000

(B) Furniture purchased for ₹8,000 from Shine Furniture was debited to Shine Furniture's Accounts

(C) ₹5,000 spent on construction of building as payments made for wages debited to wages Account

(D) Cash sales of goods was entered in the sales-book

Answer - (A) Error of Omission

(B) Error of Commission

(C) Error of Principle

(D) Error of Principle

Q15 - Goods purchased on credit are recorded in _____ and bad debts are recorded in _____.

Answer – Purchase Book, Journal Proper

Q16 - It is very simple, is an advantage of _____ of accounting and it is more scientific and rational in application is an advantage of _____ of accounting.

Answer – Single Entry, Double Entry



Q17 - (i) Accounting errors that affect only one side of an account which may be either its debit side or its credit side is known as _____.

(ii) Which unit of computer is its control centre ?

Answer – (i) Errors of Omission

(ii) Central Processing Unit (CPU)

Q18 – Give one word answer of the following :

(i) Name the account which is a summarised amount showing net effect of errors.

(ii) What type of error it is when a transaction is not recorded in books of accounts?

Answer - (i) Suspense Account

(ii) Error of Omission

Q19 - Fill in the blanks:

(i) Revaluation A/c is prepared to account for _____.

(ii) Realisation A/c is prepared to record _____.

Answer - (i) Revaluation A/c is prepared to account for **revaluation of assets and liabilities.**

(ii) Realisation A/c is prepared to record **realisation of assets and payment of liabilities.**

Q20 - Give one word answer of the following:

(i) When a partner becomes of unsound mind how is the partnership dissolved?

(ii) In what ratio the general reserve is distributed between old partners when a new partner is admitted?

Answer - (i) By court

(ii) Old Profit-Sharing Ratio

Q21 - Name the type of vouchers that will be prepared for the following transactions:

(i) Building is purchased for ₹80,000



(ii) Goods of ₹12,000 are sold to Vaishnavi on credit

(iii) Rent paid for the month ₹8,000

(iv) Withdrew cash for personal use ₹15,000

Answer –

(i) Credit Voucher (payment made for purchase-cash going out)

(ii) Transfer Voucher (non-cash transaction; affects accounts only)

(iii) Debit Voucher (cash payment for expense)

(iv) Debit Voucher (cash going out of business)

Q22 - Name the accounting errors for the following transactions:

(i) Wages paid for construction of building was debited to wages account

(ii) Goods sold to Rohit of ₹6,400 was recorded in sales-book as ₹4,600

(iii) Sales-book was over caste by ₹1,000

(iv) Rent of ₹4,000 paid to Land Lord was as not recorded in the cash-book

Answer – (i) Error of Principle

(ii) Error of Principle

(iii) Error of Omission

(iv) Error of Omission

Q23 - Give one word answer of the following questions:

(i) Rent @ ₹12,000 per month is not paid for the last two months which account will be credited?

(ii) Insurance of ₹16,000 paid for 12 months ending 30th June, year ending is 31st March, what amount will be debited to prepaid insurance account?

(iii) How entrance fees will be treated in income and expenditure A/c?



(iv) Excess of expenditure over income is termed as _____.

Answer – (i) Outstanding

(ii) ₹4,000

(iii) Income

(iv) Deficit

Q24. Give one word answer of the following:

(i) A company forfeited its 200 shares of ₹100 each for non-payment of 1st and final call money of ₹30 per share. What amount on forfeiture of these shares will be debited to share Capital Account ?

(ii) A shareholder of 400 shares of ₹50 each, did not pay the final call money of ₹20 per share. Which account will be debited by the call money?

(iii) When the company receives applications for less number of shares than offered to public for subscription, it is called:

(iv) When a company issues its shares of ₹100 at the rate of ₹120 per share the shares are said to be issued at _____.

Answer – (i) ₹14,000

(ii) ₹8,000

(iii) Under-subscription

(iv) Premium

Q25 – Define Capital Expenditure. Give two examples.

Answer - Capital Expenditure refers to the amount spent on acquiring or improving fixed assets such as buildings, machinery, or equipment. It provides benefits for more than one accounting year.

Examples:

1. Purchase of machinery
2. Construction of a building



OR

What is Revenue Receipt? Give two examples.

Answer - Revenue Receipt refers to the money received in the normal course of business that neither creates a liability nor reduces any asset.

Examples:

1. Rent received
2. Commission received

Q26 - Explain the term goodwill in reference to partnership.

Answer - Goodwill refers to the value of a firm's reputation and its ability to earn higher profits in the future due to factors such as good customer relations, efficient management, or favorable location.

In partnership, goodwill is an intangible asset that is valued and adjusted when a new partner is admitted, a partner retires, or the firm is reconstituted.

OR

What is sacrificing ratio? How it is calculated?

Answer - Sacrificing Ratio is the ratio in which the old partners sacrifice their share of profit in favor of a new partner.

Formula:

$$\text{Sacrificing Ratio} = \text{Old Profit Sharing Ratio} - \text{New Profit Sharing Ratio}$$

Q27 - If a partner retires 6 months before the year ending, give four items he/she is entitled to.

Answer – A retiring partner is entitled to :

- (1) Capital
- (2) Share of profit till retirement
- (3) Interest on capital
- (4) Salary or commission up to retirement



(5) Share of goodwill of the firm.

OR

If actual profit is ₹60,000 and normal profit is 15% on capital of ₹3,00,000 and goodwill is to be calculated at 2 yrs purchase of super profit calculate amount of goodwill.

Answer - Actual Profit = ₹60,000

Normal Profit = 15% of ₹3,00,000 = ₹45,000

Super Profit = ₹60,000 – ₹45,000 = ₹15,000

Goodwill = Super Profit × 2 years = ₹15,000 × 2 = ₹30,000

Goodwill = ₹30,000

Q28 – Explain the term calls-in advance Pass entry for call-paid in advance.

Answer - Calls-in-Advance refers to the amount received by a company from shareholders before it is actually due on calls. It is a liability for the company until the related call becomes due.

Journal Entry: When the amount is received in advance-

Bank A/c Dr.

To Calls-in-Advance A/c

OR

Pass journal entries on rejection of excess applications and

(i) Money is returned

(ii) Money is adjusted towards sums due on allotment

Answer –

(i) When money is returned:

Share Application A/cDr.

To Bank A/c

(Being application money refunded to applicants)



(ii) When money is adjusted towards sums due on allotment:

Share Application A/CDr.

To Share Allotment A/C

(Being excess application money adjusted towards allotment money)

Q29 - What are direct expenses? Name any two items of direct expenses.

Answer - Direct Expenses are those expenses which are incurred on the production or purchase of goods and making them ready for sale. These are directly related to the manufacturing or trading activity of the business.

Examples:

1. Wages paid to workers
2. Carriage or Freight inward

OR

Explain the term Capital Receipts. Give any two examples of Capital Receipts.

Answer – Capital Receipts are those receipts which either create a liability or reduce an asset of the business. They are non-recurring in nature and are not earned through normal business operations.

Examples:

1. Amount received from issue of shares or debentures
2. Loan received from a bank

Q30 – Differentiate between Income and Expenditure A/c and receipt and payment A/c on the basis of :

(i) Nature

(ii) Adjustments



Answer –

Basis	Income and Expenditure Account	Receipts and Payments Account
(i) Nature	It is a nominal account prepared on accrual basis showing income and expenses for a particular year.	It is a real account showing cash receipts and cash payments during a particular period.
(ii) Adjustments	It includes adjustments like outstanding expenses, prepaid expenses, accrued income, and depreciation.	No adjustments are made for outstanding or prepaid items; only actual cash transactions are recorded.

Q31 – When does the need of revaluation of assets and reassessment of liabilities arise? Name the account that is prepared to show the result of the above.

Answer – Need for revaluation of assets and reassessment of liabilities arises when:

There is a change in the partnership firm, such as:

1. Admission of a new partner
2. Retirement of a partner
3. Death of a partner
4. Change in profit-sharing ratio among partners

Account Prepared:

Revaluation Account (or Profit and Loss Adjustment Account)

OR

Who is entitled to the amount of settlement payable to the deceased partner? What are the items they are entitled?

Answer – Entitled Person: The legal representatives (heirs) of the deceased partner.

Items they are entitled to:

1. Balance in the **Capital Account** of the deceased partner.



2. His **share of profit** up to the date of death.
3. His **share of goodwill** of the firm.
4. His **share of revaluation** profit or loss.
5. Any **interest on capital, salary, or commission** due till the date of death.

Q32 - Explain the terms shares issued at premium with an example.

Answer – Meaning : When a company issues its shares at a price higher than the face value, the excess amount received over the face value is called **Securities Premium** or **Share Premium**.

Example : If a share of face value ₹10 is issued at ₹12, then ₹2 is the premium amount per share. So,

- Face Value = ₹10
- Issue Price = ₹12
- Securities Premium = ₹2

OR

What is meant by forfeiture of shares? What is the result of forfeiture of shares?

Answer – Meaning: When a shareholder fails to pay the allotment money or any call money due on the shares, the company may cancel (forfeit) those shares.

Result:

- The amount already received on those shares is **forfeited** (kept by the company).
- The shares may later be **reissued** to new investors.
- The **Share Capital Account** is reduced by the called-up amount of the forfeited shares.

Q33 - 200 shares of ₹100 each are forfeited for non-payment of first call of ₹30 per share. Final call of ₹20 per share was not made. These shares were reissued for ₹70 per share fully paid.

Make journal entries.

Answer – 1. Forfeiture of Shares

At the time of forfeiture:



- Called-up value = ₹80 × 200 = ₹16,000
- Unpaid (First call) = ₹30 × 200 = ₹6,000
- Amount already received = ₹50 × 200 = ₹10,000

Journal Entry:

Share Capital A/cDr. 16,000
 To Share Forfeiture A/c 10,000
 To Share First Call A/c 6,000

2. Reissue of Shares

- Reissue price = ₹70 × 200 = ₹14,000
- Face value = ₹100 × 200 = ₹20,000
- Discount = ₹30 per share → ₹6,000 total

Discount on reissue is adjusted from **Share Forfeiture A/c**

Journal Entry:

Bank A/cDr. 14,000
 Share Forfeiture A/cDr. 6,000
 To Share Capital A/c 20,000

3. Transfer to Capital Reserve

- Total forfeiture amount = ₹10,000
- Discount used = ₹6,000
- Balance = ₹4,000 → Capital Reserve

Journal Entry:

Share Forfeiture A/cDr. 4,000
 To Capital Reserve A/c 4,000

Q34 - Following is the Trial Balance of M/s Buy at your convenience at home as on 31st March 2024. Prepare Trading and Profit and Loss A/c for the year ending 31st March, 2024.



Name of Account	Dr. Balance (₹)	Cr. Balance (₹)
Stock (01.04.2023)	52,000	
Purchases	75,000	
Sales		1,58,000
Carriage Inward	6,500	
Salary	24,000	
Conveyance	14,000	
Godown rent	20,000	
Insurance Premium	8,500	
Office Expenses	6,000	
Office Computer	36,000	
Bonus to employees	14,000	
Creditors		50,000
Capital		1,20,000
Motor cycles	40,000	
Cash in hand and at Bank	32,000	
	3,28,000	3,28,000

Adjustments:

Closing stock was ₹46,000

Salary outstanding was ₹4,000

Answer –

Trading Account

Dr.		Cr.	
Particulars	₹	Particular	₹
To Opening Stock	52,000	By Sales	1,58,000
To Purchases	75,000	By Closing Stock	46,000
To Carriage Inward	6,500		
To Gross Profit c/d	70,500		
Total	2,04,000	Total	2,04,000



Profit and Loss Account

Dr.		Cr.	
Particulars	₹	Particular	₹
To Salary 24,000		By Gross Profit b/d	70,500
To Outstanding 4,000			
	28,000		
To Conveyance	14,000		
To Rent	20,000	By Net Loss	20,000
To Insurance Premium	8,500		
To Office Expenses	6,000		
To Bonus to Employees	14,000		
Total	90,500	Total	90,500

OR

From the following receipt and payment account of Kho-Kho chub (Regtd) for the year ending 31st March, 2024. Prepare Income and Expenditure A/c for the year ending 31st March, 2024.

Receipts and Payment A/C
For the year ending 31st March, 2024

Receipts	(₹)	Payments	(₹)
Balance b/d	40,500	Fees of coaches	12,000
Subscription	32,500	Refreshment	14,000
Entrance fees	2,400	Travelling expenses	8,000
Participation fees	12,600	Tournament expenses	24,000
Grant from Rural Sports		Expenses on prize distribution	
Promotion Board	40,000	function	26,000
		Trophies and certificates	18,000
		Cash Balance c/d	26,000
	1,28,000		1,28,000



Additional Information:

(i) Subscription outstanding as on 1st April 2023 was ₹1,500 and as on 31st March 2024, it was ₹1,800.

(H) Fees of a coach of ₹2,000 was still to be paid.

Answer –

Income and Expenditure Account

Dr.		Cr.	
Expenditure	₹	Income	₹
To Fees 12,000		By Subscription 32,500	
(+) o/s 2,000	14,000	(-) Beginning o/s (1500)	
To Refreshment	14,000	(+) Ending o/s (1800)	32,800
To Travel Expense	8,000	By Entrance fees	2,400
To Tournament Expense	24,000	By Participation fees	12,600
To Prize Distribution Function	26,000	By Grants	40,000
To Trophies and Certificates	18,000		
		By Deficit	16,200
Total	1,04,000	Total	1,04,000

Q35 – Gunakshi and Apoorva are partners in a firm sharing profits and losses in the ratio of 5:3 on 31st March, 2024 their Balance Sheet was as follows

Balance Sheet of the firm As on 31st March, 2024

Liabilities	(₹)	Assets	(₹)
Creditors	39,000	Cash at Bank	14,000
General Reserve	36,000	Sundry Debtors	45,000
Capitals :		Closing Stock	20,000
Gunakshi	75,000	Furniture	32,000
Apoorva	60,000	Plant and Machinery	60,000
		Office Computers	44,000
	2,15,000		2,15,000



Bhoomi was admitted on 1st April, 2024 as a new partner for 1/4 share in profits. She was to bring ₹45,000 as capital and ₹24,000 for goodwill.

It was agreed that :

Closing stock be valued at ₹30,000 and Furniture at ₹30,000

Prepare Revaluation A/c, partners' capital.

Answer –

Revaluation

Dr.		Cr.	
Particulars	₹	Particulars	₹
Furniture	2,000	By Closing Stock	10,000
To Profit	8,000		
Gunakshi – 5,000			
Apoorva – 3,000			
Total	10,000	Total	10,000

Partners' Capital

Dr.				Cr.			
Particulars	Gunakshi (₹)	Apoorva (₹)	Bhoomi (₹)	Particulars	Gunakshi (₹)	Apoorva (₹)	Bhoomi (₹)
				By Balance b/d	75,000	60,000	
				By Bank			45,000
				By Premium	15,000	9,000	
				By General	22,500	13,500	
				By Evaluation	5,000	3,000	
To Balance b/d	1,17,500	90,500	45,000				
Total	1,17,500		45,000	Total	1,17,500	90,500	45,000

OR



Amit and Rohit are partners in a firm sharing profits and losses in the ratio of 3:2. Their Balance Sheet as on 31st March, 2024 was as follows

Balance Sheet As on 31st March, 2024

Liabilities	(₹)	Payments	(₹)
Creditors	40,000	Cash at Bank	15,000
General Reserve	40,000	Debtors	45,000
Capitals :		Stock	36,000
Amit	60,000	Furniture	24,000
Rohit	50,000	Building	40,000
		Investment	30,000
	1,90,000		1,90,000

It was decided to dissolve the firm with immediate effect.

Assets realized as Debtors ₹40,000, Stock ₹40,000, Furniture ₹20,000, Building ₹50,000, Investment ₹34,000

Liabilities were paid off as:

Creditors ₹36,000, Dissolution expenses were ₹2,500

Prepare Realization A/c, partners' Capital A/c and Bank A/c.

Answer –

Realization A/c

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Debtors	45,000	By Creditors	40,000
To Stock	36,000	By Bank	
To Building	40,000	Debtors	40,000
To Furniture	24,000	Stock	40,000
To Investment	30,000	Building	50,000
To Bank		Furniture	20,000
Creditor	36,000	Investment	34,000
	1,75,000		1,84,000



Dissolution Expenses	2,500	38,500		
To Profit				
Amit	6,300			
Rohit	4,200	10,500		
Total		2,24,000	Total	2,24,000

Partners' Capital

Dr.			Cr.		
Particulars	Amit (₹)	Rohit (₹)	Particulars	Amit (₹)	Rohit (₹)
			By Balance b/d	60,000	50,000
			By General	24,000	16,000
			By Realization	6,300	4,200
To Bank	90,300	70,200			
Total	90,300	70,200	Total	90,300	70,200

Bank A/c

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	15,000	By Realization	38,500
To Realization	1,84,000	By Amit	90,300
		By Rohit	70,200
Total	1,99,000	Total	1,99,000

Q36 – Amogh Food Processing Ltd. offered to public for subscription its 40,000 shares of ₹100 each at a premium of ₹20 per share. Payment was to be made as follows:

On Application ₹30 per share

On Allotment ₹60 per share

(including premium)

Balance on 1st and final call Applications were received for 50,000 shares, Allotment was made on prorata basis. Excess money received on applications was refunded. All calls were made and



money received except on 500 shares on which call money was not received. Make journal entries in the books of the company.

Answer – Working Notes

- Shares offered = 40,000
- Applications received = 50,000 → **Oversubscription**

Pro-rata ratio:

$$\frac{40,000}{50,000} = \frac{4}{5}$$

So, for every 5 applied → 4 allotted

Application Money:

- Received = 50,000 × ₹30 = ₹15,00,000
- Required = 40,000 × ₹30 = ₹12,00,000
- Excess = ₹3,00,000 → **Refunded**

Allotment Money:

- Total due = 40,000 × ₹60 = ₹24,00,000
(Includes premium ₹20 → Securities Premium = ₹8,00,000)

Call Money:

- Balance = ₹30 per share
- Not received on 500 shares = 500 × 30 = ₹15,000

Journal Entries

1. Bank A/cDr. 15,00,000

To Share A/c 15,00,000

2. Share Application A/cDr. 15,00,000

To Share Capital A/c 12,00,000



To Bank A/c (Refund) 3,00,000

3. Share Allotment A/cDr. 24,00,000

To Share Capital A/c 16,00,000

To Securities Premium A/c 8,00,000

4. Bank A/cDr. 24,00,000

To Share Allotment 24,00,000

5. Share First & Final Call A/cDr. 12,00,000

To Share Capital A/c 12,00,000

6. Bank A/cDr. 11,85,000

Call in Arrears A/cDr. 15,000

To Share First & Final Call A/c 12,00,000

OR

Make a journal entries in the following cases

(a) 400 shares of ₹50 each issued at a premium of ₹10 each were forfeited for non-payment of ₹30 each (including premium) on allotment. First and final call of ₹10 per share was not made. 300 of these shares were reissued at ₹35 per share fully paid.

(b) A company issued its shares of ₹100 each calling ₹30 per share on application, ₹40 per share on allotment and ₹30 per share on 1st and final call. A shareholder holding 200 shares paid the amount of call along with allotment.

Make journal entries for this transaction only.

Answer – (a) Working Note:

- Shares = 400
- Face value = ₹50



- Premium = ₹10 (on allotment)
- Allotment unpaid = ₹30 (incl. premium → ₹20 capital + ₹10 premium)
- Call not made = ₹10 → **Called-up = ₹40**

Amount paid per share = ₹20

Total received = $400 \times 20 = ₹8,000$

1. Forfeiture of Shares

Share Capital A/cDr. 16,000

Securities Premium A/cDr. 4,000

To Call in Arrears A/c 12,000

To Share Forfeiture A/c 8,000

2. Reissue of 300 Shares

- Reissue price = ₹35
- Face value = ₹50 → Discount = ₹15
- Discount allowed = $300 \times 15 = ₹4,500$

Journal Entry :

Bank A/cDr. 10,500

Share Forfeiture A/cDr. 4,500

To Share Capital A/c 15,000

3. Transfer to Capital Reserve

- Total forfeiture on 300 shares = $(8000/400) \times 300 = ₹6,000$
- Used for discount = ₹4,500
- Balance = ₹1,500

Journal Entry :

Share Forfeiture A/cDr. 1,500

To Capital Reserve A/c 1,500



(b) Working Note:

- Shares = 200
- Call paid early = ₹30 × 200 = ₹6,000

Journal Entry :

Call in Advance A/cDr. 6,000

To Share First & Final Call A/c 6,000

SECTION - B

**Q37 – An acceptable debt equity ratio is :**

- (A) 1:1 (B) 2:1
(C) 1:2 (D) 2:3

Answer - (C) 1:2

Q38 – Which of the following is an example of financial activity?

- (A) Goods sold for cash (B) Sale of machinery
(C) Long term loan from the Bank (D) Bank over draft

Answer - (C) Long term loan from the Bank

Q39 – Which of the following is a current liability?

- (A) Debentures (B) Reserve fund
(C) A /cs Payable (D) Share capital

Answer - (C) A /cs Payable



Q40 – If Revenue from operations is ₹1,50,000

Cost of Revenue from operations is ₹1,20,000

Gross Profit Ratio will be :

- (A) 15% (B) 20%
(C) 25% (D) 30%

Answer - (B) 20%

Q41 – To calculate cash flow from financial activities interim dividend will be:

- (A) added and then subtracted from the net profit
(B) added both in financial activities and to net profit in operating activities
(C) added to net profit in operating activities and subtracted from financial activities
(D) subtracted both from net profit in operating activities and financial activities

Answer - (D) subtracted both from net profit in operating activities and financial activities

Q42 – Provision for tax in the beginning of the year was ₹40,000 and at the end it was ₹30,000 and charged during the year to Profit and Loss Account it is ₹50,000 cash used is:

- (A) ₹40,000 (B) ₹50,000
(C) ₹60,000 (D) ₹65,000

Answer - (C) ₹60,000

Q43 – Complete the following sentence :

- (i) an ideal quick ratio is _____.
(ii) an ideal debt equity ratio is _____.

Answer – (i) 1:1 , (ii) 2:1



Q44 – Calculate Current Ratio from the following :

Cash at Bank ₹24,000, B/R ₹28,000, Sundry Debtor ₹48,000, Creditors ₹50,000

Answer – Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

$$= \frac{24,000+28,000+48,000}{50,000}$$

$$= \frac{1,00,000}{50,000} = \frac{2}{1}$$

Thus Current Ratio is 2:1.

Q45 – What treatment is given to proposed dividend while preparing cash flow statements?

Explain.

Answer – Treatment:

1. **In the current year** - Proposed dividend is not shown in the cash flow statement because it has not been paid yet.
2. **When the dividend is actually paid** - It is shown as an outflow under financing activities.

Q46 – Give the formula of calculating Net Profit Ratio. State its significance.

Answer – Formula:

$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$$

Significance / Importance:

1. It shows the overall profitability of a business.
2. It helps in measuring efficiency of management in controlling expenses.
3. A higher ratio indicates better profitability and effective cost management.
4. It helps in comparing Performa.

Q47 – MB Cine Production Ltd's Balance Sheets as on 31.03.2024 was as follows :



Particulars	Note no.	Amount 31.03.2024 (₹)	Amount 31.03.2023 (₹)
I. Equity and Liabilities			
1. Shareholders funds			
a. Share Capitals		16,00,000	12,00,000
b. Reserve and Surplus		2,40,000	1,60,000
2. Current Liabilities			
Trade Payables		3,60,000	16,40,000
Total		22,00,000	16,40,000
II. Assets:			
1. Non-current Assets			
Tangible Assets			
Plant and Machinery		5,20,000	3,00,000
2. Current Assets			
a. Inventories		7,40,000	5,00,000
b. Trade Receivables		6,40,000	7,00,000
c. Cash and cash equivalents		3,00,000	1,40,000
Total		22,00,000	16,40,000

Note on A/c :

Note No.	Particulars	Amount (₹) 31.03.2024	Amount (₹) 31.03.2023
1.	Reserve and Surplus	2,40,000	1,60,000

Answer –

Particulars	Amount Dr. (₹)	Amount Cr. (₹)
(A) Cash Flow from Operating Activities		
Net Profit (2,40,000 – 1,60,000)	80,000	
Add : Trade Payables	80,000	
Add: Trade Receivables	60,000	
Less: Inventory	(2,40,000)	
Net Cash used in Operating Activities		(20,000)
(B) Cash Flow from Investing Activities		
Purchase of tangible assets	(2,20,000)	



Net Cash used in Investing Activities		(2,20,000)
(C) Cash Flow from Financing Activities		
Issues of Shares	4,00,000	
Net Cash used in Financing Activities		4,00,000
(D) Net Increase in Cash and Cash Equivalents		1,60,000
(+) Opening Cash and Cash Equivalents		1,40,000
Closing Cash and Cash Equivalents		3,00,000

