

# N.D.P.C.

"If you try and lose then it isn't your fault. But if you don't try and we lose, then it's all your fault."

Max marks-40

TEST

Time-2hrs

Q1 which of the following transactions will improve the quick ratio?

1\*14=14

- a) Sale of goods for cash
- b) Issue of shares for cash
- c) Sale of goods on credit
- d) All of the above

Q2 cash deposit with the bank with a maturity date after two months belongs to which of the following while preparing cash flow statement?

- a) Investing activities
- b) Financing activities
- c) Cash and cash equivalents
- d) Operating activities

Q3 . Balance Sheet provides information about financial position of the enterprise:

(a) At a point in time (b) Over a period of time (c) For a period of time (d) None of the above

Q4 Give an ex of a transaction a part of which is classified as investing activity and another part is classified as financing activity.

Q5 Under which type of activity will you classify "corporate dividend tax paid by company" while preparing cash flow statement?

Q6 what will be the effect on current ratio if a bills payable is discharged on maturity?

Q7 The two basic measure of operational efficiency of a company are

- a) Inventory turnover and working capital turnover ratio
- b) Liquid and operating ratio
- c) Liquid and current ratio
- d) Gross profit and net profit margin

Q8 Which of the following is not a part of Finance Cost (in statement of profit and loss)?

- (a) Bank Charges (b) Interest Paid on Debentures (c) Interest Paid on Public Deposits
- (d) Loss on Issue of Debentures

Q9 The \_\_\_\_\_ may indicate that the firm is experiencing stock outs and lost sales.

- a. Average payment period b. Inventory turnover ratio c. Average collection period d. Quick ratio

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**Q10 Current ratio of Vidur Pvt. Ltd. is 3:2. Accountant wants to maintain it at 2:1.**

**Following options are available.**

**(i) He can repay Bills Payable (ii) He can purchase goods on credit (iii) He can take short term loan Choose the correct option**

**(a) Only (i) is correct (b) Only (ii) is correct (c) Only (i) and (iii) are correct (d) Only (ii) and (iii) are correct**

**Q11 Which of the following is not an investing cash flow?**

**A. Purchase of marketable securities for `25,000 cash. B. Sale of land for `28,000 cash. C. Sale of 2,500 shares (held as investment) for `15 each. D. Purchase of equipment for `500 cash.**

**Q12 Debt equity ratio of a company is 1:2. Purchase of a fixed asset for Rs5,00,000 on long term deferred payment basis will increase, decrease or not change the ratio?**

**Q13 M/S mevo and sons a bamboo pens producing company purchased a machinery for Rs9,00,000. It received dividend of Rs70,000 on investment in shares. The company also sold an old machine of the book value of Rs79,000 at a loss of Rs10,000. Compute cash flow from investing activities**

**Q14 Name the following activity**

- 1. Payment of cash to acquire debentures by an investing company**
- 2. Purchase of goodwill**
- 3. Dividend paid by manufacturing company**

**Q15 Calculate proprietary ratio, if Total assets to Debt ratio is 2:1. Debt is `5,00,000. Equity shares capital is 0.5 times of debt. Preference Shares capital is 25% of equity share capital. Net profit before tax is `10,00,000 and rate of tax is 40%. (3)**

**Or**

**From the following information, calculate 'Interest Coverage Ratio. Profit after interest and tax `7,50,000. Rate of income tax 25% 9 % Debentures `8,00,000. (3)**

**Q16 Under which major heads/sub-heads will be the following items be presented in the BalanceSheet of a company as per schedule III, Part 1 of the Companies Act, 2013? (3)**

- a) Computer Software**
- b) Call-in-advance**
- c) Securities Premium Reserve**
- d) Outstanding Salary**
- e) Patents**
- f) Interest accrued on investment**

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**Q17** The current ratio is 2 : 1. State giving reasons which of the following transactions would improve, reduce and not change the current ratio: 4

- (a) Payment of current liability;
- (b) Purchased goods on credit;
- (c) Sale of a Computer (Book value: Rs. 4,000) for Rs. 3,000 only;
- (d) Sale of merchandise (goods) costing Rs. 10,000 for Rs. 11,000;
- (e) Payment of unclaimed dividend.

**Q18** The current ratio provides a better measure of overall liquidity only when a firm's inventory cannot easily be converted into cash. If inventory is liquid, the quick ratio is a preferred measure of overall liquidity. Explain. 4

**Q19** From the following information, calculate the following ratios: 6

- i) Liquid Ratio
- ii) Inventory turnover ratio
- iii) Return on investment

Inventory in the beginning	50,000
Inventory at the end	60,000
Net Profit	2,17,900
10% Debentures	2,50,000
Revenue from operations	4,00,000
Gross Profit	1,94,000
Cash and Cash Equivalents	40,000
Money received against share warrants	20,000
Trade Receivables	1,00,000
Trade Payables	1,90,000
Other Current Liabilities	70,000
Share Capital	2,00,000
Reserves and Surplus 1,20,000 (Balance in the Statement of Profit & Loss)	

**Q19** From the following information of Nova Ltd,

- (a) Calculate the Cash Flow from Investing activities

Particulars	31.3.2020	31.3.2019
Machinery (at cost)	5,00,000	3,00,000
Accumulated Depreciation on Machinery	1,00,000	80,000
Goodwill	1,50,000	1,00,000
Land	70,000	1,00,000

**Additional Information**

During the year, a machinery costing ₹ 50,000 on which the accumulated depreciation was ₹ 35,000, was sold for ₹ 12,000.

- (b) The profit of Java Ltd. for the year ended 31<sup>st</sup> March 2020 after appropriation was ₹2,50,000.

**Additional Information:**

S.No.	Particulars	₹
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1.	Depreciation of Machinery	20,000
2.	Goodwill written off	9,000
3.	Loss on sale of Furniture	2,000
4.	Transfer to General reserve	22,500

The following was the position of its Current Assets and Current Liabilities as at 31<sup>st</sup> March, 2019 and 2020.

Particulars	31.3.2020	31.3.2019
Income received in advance	-	8,000
Inventory	8,000	12,000

Calculate the Cash Flow from Operating Activities.

(3+3=6)

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