

National Testing Agency

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Financial Accounting and Analysis

Group Number : 1
Group Id : 70959775
Group Maximum Duration : 0
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Revisit allowed for view? : No
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Break time: 0
Group Marks: 100

Financial Accounting and Analysis-1

Section Id : 70959775
Section Number : 1
Section type : Online
Mandatory or Optional: Mandatory
Number of Questions: 5
Number of Questions to be attempted: 5
Section Marks: 2.5
Display Number Panel: Yes
Group All Questions: No

Sub-Section Number: 1
Sub-Section Id: 70959784
Question Shuffling Allowed : Yes

Question Number : 1 Question Id : 7095977523 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 0.5 Wrong Marks : 0

Leo Co. deals in buying and selling widgets. During the year, the company purchased widgets worth Rs. 50,000. The company sold widgets costing Rs.35,000. The accountant of the company charged Rs. 50,000 as cost of sales. Which accounting concept did he violate?

- A. Money measurement concept
- B. Materiality concept
- C. Matching concept
- D. Entity concept

Question Number : 2 Question Id : 7095977524 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 0.5 Wrong Marks : 0

The owner of a business bought air conditioner for his home. The accountant reported it as the assets of the business. The accountant vitiated the concept.

- A. Cost concept
- B. Accrual concept
- C. Matching concept
- D. Entity concept

Question Number : 3 Question Id : 7095977525 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 0.5 Wrong Marks : 0

The company borrowed Rs. 50,000 from a lender on 30.11.2018 payable in 6 months. This would form part of in the balance sheet as on 31.12.18.

- A. Non-current Liabilities
- B. Current Liabilities
- C. Owners' Equity
- D. Liabilities of its competitors

Question Number : 4 Question Id : 7095977526 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 0.5 Wrong Marks : 0

John wants to know the cash receipts and cash payments for his business for the last three months. Which financial statement would help him find the details?

- A. Balance Sheet
- B. Cash Flow Statement
- C. Income Statement
- D. All of the above

Question Number : 5 Question Id : 7095977527 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 0.5 Wrong Marks : 0

X Co. took a five year loan of Rs.25,000 from his friend, free of interest on January 1, 2018, payable in five instalments, each instalment payable on Dec 31. First instalment due on 31st December, 2018. As on March 31st 2018, what is the amount that should be reflected in the balance sheet as current liability and non-current liability respectively ?

- A. Rs. 12,500 and Rs.12,500
- B. Rs.10,000 and Rs.15,000
- C. Rs.5,000 and Rs. 20,000
- D. Rs.20,000 and Rs. 5,000

Financial Accounting and Analysis-2

Section Id :	70959776
Section Number :	2
Section type :	Online
Mandatory or Optional:	Mandatory
Number of Questions:	39
Number of Questions to be attempted:	39
Section Marks:	97.5
Display Number Panel:	Yes
Group All Questions:	No

Sub-Section Number: 1
Sub-Section Id: 70959785
Question Shuffling Allowed : Yes

Question Number : 6 Question Id : 7095977528 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

ABC Co. has imported a machine from France. Which of the following is NOT the element of machine's cost?

- A. Invoice price of machine
- B. Custom duty
- C. Delivery Costs
- D. Penalty paid on customs duty

Question Number : 7 Question Id : 7095977529 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

As on 31st March, 2019, a company had trade payables of Rs.15,000, short-term borrowings Rs. 10,000, Long-term borrowings Rs.20,000 and Rs.50,000 as a part of owner's equity. What would be the amount of liabilities held by the firm on 31st March 2019?

- A. Rs.15,000
- B. Rs.10,000
- C. Rs.45,000
- D. Rs.35,000

Question Number : 8 Question Id : 7095977530 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

A customer is declared bad and it is certain that the business will not be able to recover the amount. In this context which of the following is correct?

- A. Trade receivables have to be written off and Allowance for credit loss would get reduced by that amount.
- B. Trade receivables would have to be written off and Allowance for credit loss would get increased by that amount.
- C. Bad debts would get reduced and Allowance for credit loss would get increased by that amount.
- D. Revenue will increase and Allowance for credit loss would get increased.

Question Number : 9 Question Id : 7095977531 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

The company purchased equipment on 1st April 2019 costing Rs.100,000 from a dealer on credit, amount payable after three months. The useful life of the asset is estimated at 10 years with a salvage value of Rs.4,000. What would be the effect of this transaction on the accounting equation for the month of April 2019 after passing entry for depreciation?

- A. Assets will increase by 100,000, Liabilities will increase by 100,000
- B. Assets will increase by 90,400, Liabilities will increase by 100,000, Equity will decrease by 9,600
- C. Assets will increase by 100,000, Liabilities will increase by 94,000, Equity will increase by 6000
- D. Assets will increase by 99,200, Liabilities will increase by 100,000, Equity will decrease by 800

Question Number : 10 Question Id : 7095977532 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

A company paid insurance premium for Rs.12000 for one year starting from 1st Aug 2018 to 31st July 2019. What be the effect of this transaction on equity for the year ended 31st March 2019?

- A. Equity will increase by 7,000
- B. Equity will decrease by 8,000
- C. Equity will increase by 4,000
- D. Equity will decrease by 12,000

Question Number : 11 Question Id : 7095977533 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

The opening balance of equity as on 1.4.18 is Rs.200,000. Capital introduced during the year 30,000. The firm distributed a dividend of 20,000 during the year. The closing balance of equity as on 31.3.19 is 300,000. What is the amount of profit earned by the company during the year.

- A. 1,10,000
- B. 90,000
- C. 120,000
- D. 250,000

Question Number : 12 Question Id : 7095977534 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Furniture is a _____ asset for a steel manufacturer and furniture is a _____ asset for a furniture dealer.

- A. Current, Non-Current
- B. Non-Current, Intangible
- C. Non-Current, Current
- D. Intangible, Current

Question Number : 13 Question Id : 7095977535 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Calculate the value of closing stock as per first in first out (FIFO) method

ABC company has the following purchases, sales and inventory for the month of August 2019		
Inventory Purchases on	Units	Cost per unit (Rs)
Aug-01	100	5
Aug-06	500	6
Aug-12	300	7
Sales of Inventory		
Aug-08	450	

- A. Value of closing stock is 2100
- B. Value of closing stock is 2400
- C. Value of closing stock is 3000
- D. Value of closing stock is 2250

Question Number : 14 Question Id : 7095977536 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

The accumulated depreciation on equipment as on 31st March 2017 and 31st March 2016 is Rs.5,445 and Rs.5,000 respectively. What is the amount of depreciation charged during the year ended 31st March 2017?

- A. Rs.500
- B. Rs.450
- C. Rs.445
- D. Rs.455

Question Number : 15 Question Id : 7095977537 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

A company's inventories and purchases information for the year ended 31st December 2015 is as follows:

Opening inventories 1 Jan 2015	Rs.20,000
Purchases during the month	62,000
Closing inventories 31 Dec 2015	18,000

What is the cost of goods sold during the year ended 31st Dec 2015?

- A. Rs.72,000
- B. Rs.87,000
- C. Rs.64,000
- D. Rs.77,000

Question Number : 16 Question Id : 7095977538 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Landlord Co. purchased land two years ago at a cost of Rs.100,000. The land was sold in cash for Rs.150,000 during the current financial year. What is the amount of cash inflows that would be shown under the investing activities in the cash flow statement?

- A. Rs.150,000
- B. Rs.100,000
- C. Rs.50,000
- D. Rs.200,000

Question Number : 17 Question Id : 7095977539 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Amount spent for replacing the damaged part of an equipment is not to be capitalised

- A. TRUE
- B. FALSE

Question Number : 18 Question Id : 7095977540 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Lara Co.'s opening inventory at April 1,(year 1), was overstated by Rs.20,000, and its ending inventory was understated by Rs.52,000. As a result, Lara's cost of goods sold for year 1 was

- A. Understated by Rs.32,000
- B. Overstated by Rs.72,000.
- C. Understated by Rs.72,000.
- D. Overstated by Rs.26,000.

□

Question Number : 19 Question Id : 7095977541 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Tim Co., a dealer of heavy equipment bought the equipment from the manufacturer in Feb 2018 for Rs.20,000. On March 31, year 1, the dealer sold this equipment to Heavy Machines Inc. for Rs.25,000, under the following terms: 3% discount if paid within thirty days, 1% discount if paid after thirty days but within sixty days, or payable in full within ninety days, if not earlier. However, the agreement had a clause that Heavy machines could return this equipment to Tim if Heavy machines was unable to resell the equipment before the expiry of the ninety-day payment period, in which case Heavy Machines's payment obligation would be cancelled. How much should be included for the sale of this equipment to Heavy machines in the net sales of Tim for the year ended March 31, year 1?

- A. Rs.0
- B. Rs.24,250
- C. Rs.24,750
- D. Rs.25,000

Question Number : 20 Question Id : 7095977542 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

In the current year, Giraffe Inc., had Rs.20 million of sales revenue, while total operating costs were held to Rs.8 million. The firm had an the interest expense of Rs.2 million and the tax rate is 20%, what is the firm's profit after tax?

- A. Rs.9 million
- B. Rs.12 million
- C. Rs.8 million
- D. Rs.10 million

Question Number : 21 Question Id : 7095977543 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

An entity earns gross profit at the rate of 30%, incurs selling, general and administrative expenses of Rs.100 lakhs, interest expense of Rs.100 lakhs, earned a net income of Rs.200 lakhs. If the corporate tax rate is 20%, the amount of revenue earned for the year is:

- A. Rs.1900 lakhs
- B. Rs.1800 lakhs
- C. Rs.1500 lakhs
- D. Rs.4800 lakhs

Question Number : 22 Question Id : 7095977544 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Mike Inc., purchased manufacturing equipment for Rs.100,000, with an estimated useful life of 10 years and a salvage value of Rs.10,000. The depreciation charged for the second year for this equipment using the straight line method is

- A. Rs.10,000
- B. Rs.9,000
- C. Rs.8,100
- D. Rs.8,000

Question Number : 23 Question Id : 7095977545 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Below is the Income Statement and Balance Sheet of ABC Co. for the year 2018.

Income Statement for the year ended 31 st March 2018	Rs.
Revenue	1,50,000
Less: Cost of goods sold	70000
Gross profit	80,000
Operating expenses	30000
Earnings before interest and tax	50,000
Interest expense	12,000
Earnings before tax	38,000
Tax	12000
Net income (Profit after Tax)	26,000

The net profit margin ratio for the year 2018 is

- A. 17.25%
- B. 17.33%
- C. 16.7%
- D. 13.33%

Question Number : 24 Question Id : 7095977546 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Lower net profit margin compared to previous year may be due to

- A. Increased proportion of cost of goods sold expense to revenue as compared to last year
- B. Increased proportion of operating expenses to revenue
- C. Increase proportion of interest expense to revenue
- D. All of the above

Question Number : 25 Question Id : 7095977547 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Which of the following would improve the fixed asset turnover ratio?

- I. Sale of fixed assets
- II. Buy new fixed assets
- III. Decline in demand of the products
- IV. Depreciating assets at higher rate

- A. I & II
- B. II & III
- C. III & IV
- D. I & IV

Question Number : 26 Question Id : 7095977548 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

ABC Ltd did not record bank receipts of Rs. 200,000 from a customer on account of sales made earlier in its books. The effect of this error on Profit and loss account is:

- A. Profit will increase by Rs.200,000
- B. No impact on profit and loss account
- C. Profit will reduce by Rs. 200000
- D. None of the above

Question Number : 27 Question Id : 7095977549 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

A company has 10000 issued and subscribed and fully paid up shares of Rs. 10 each. The market value of the shares is Rs. 20. The company declares a dividend of 10 %. The amount of dividend that needs be paid will be Rs.

-
- A. Rs.20000
 - B. Rs.10000
 - C. Rs.30000
 - D. Rs.15000

Question Number : 28 Question Id : 7095977550 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Refer the financial information below:



Income Statement for the year ended 31 st March	2018
Revenue	1,50,000
Less: Cost of goods sold	70000
Gross profit	80,000
Operating expenses	30000
Earnings before interest and tax	50,000
Interest expense	12,000
Earnings before tax	38,000
Tax	12000
Net income	26,000

Balance Sheet as at 31 st March	2018
Assets	
Property, plant & equipment	500000
Inventory	40000
Receivables	30000
Cash and cash equivalents	10000
Total assets	580000
Equity & Liabilities	
Share capital	400000
Retained earnings	140000
Long-term borrowings	20000
Trade payables	10000
Other current liabilities	10000
Total equity & liabilities	580000

Based on the above information, the fixed asset turnover ratio for 2018 is (ignore averaging)

- A. 0.30
- B. 3.33
- C. 1.87
- D. 0.26

Question Number : 29 Question Id : 7095977551 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

High inventory turnover ratio implies

- A. Inventory getting sold quickly
- B. Slow moving inventory
- C. Bulk purchase of inventory
- D. Obsolete inventory

Question Number : 30 Question Id : 7095977552 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Refer the financial information below:

Income Statement for the year ended 31 st March		2018
Revenue		1,50,000
Less: Cost of goods sold		70000
Gross profit		80,000
Operating expenses		30000
Earnings before interest and tax		50,000
Interest expense		12,000
Earnings before tax		38,000
Tax		12000
Net income		26,000
Balance Sheet as at 31 st March		2018
Assets		
Property, plant & equipment		500000
Inventory		40000
Receivables		30000
Cash and cash equivalents		10000
Total assets		580000
Equity & Liabilities		
Share capital		400000
Retained earnings		140000
Long-term borrowings		20000
Trade payables		10000
Other current liabilities		10000
Total equity & liabilities		580000

The Receivables turnover ratio and inventory turnover ratio respectively are :

- A. 4, 2.75
- B. 5, 1.75
- C. 3, 3.25
- D. None of the above

Question Number : 31 Question Id : 7095977553 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Refer the following information:

Income Statement for the year ended 31 st March 2018	Rs.
Revenue	1,50,000
Less: Cost of goods sold	70000
Gross profit	80,000
Operating expenses	30000
Earnings before interest and tax	50,000
Interest expense	12,000
Earnings before tax	38,000
Tax	12000
Net income	26,000

Balance Sheet as at 31 st March 2018	Rs.
Assets	
Property, plant & equipment	500000
Inventory	40000
Receivables	30000
Cash and cash equivalents	10000
Total assets	580000
Equity & Liabilities	
Share capital	400000
Retained earnings	140000
Long-term borrowings	20000
Trade payables	10000
Other current liabilities	10000
Total equity & liabilities	580000

Calculate the days sales outstanding for the company

- A. 83 days
- B. 63 days
- C. 73 days
- D. 93 days

Question Number : 32 Question Id : 7095977554 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

The following information is related to ABC Co.

Balance Sheet as at 31 st March	2018
Assets	
Property, plant & equipment	500000
Inventory	40000
Receivables	30000
Cash and cash equivalents	10000
Total assets	580000
Equity & Liabilities	
Share capital	400000
Retained earnings	140000
Long-term borrowings	20000
Trade payables	10000
Other current liabilities	10000
Total equity & liabilities	580000

Referring the above balance sheet, current ratio of the company is

- A. 4
- B. 2
- C. 1.45
- D. 2.67

Question Number : 33 Question Id : 7095977555 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Solvency ratios measure the ability of the company to meet its

- A. Short-term obligations
- B. Long term obligations
- C. Recurring expenses
- D. Capital asset expenditure

Question Number : 34 Question Id : 7095977556 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

The following information is related to ABC Co.

Income Statement for the year ended 31 st March 2018	Rs.
Revenue	1,50,000
Less: Cost of goods sold	70000
Gross profit	80,000
Operating expenses	30000
Earnings before interest and tax	50,000
Interest expense	12,000
Earnings before tax	38,000
Tax	12000
Net income	26,000

Calculate the interest coverage ratio

- A. 4.17
- B. 0.24
- C. 2.17
- D. 1.17

Question Number : 35 Question Id : 7095977557 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

The following is the data related to Tango Co.			
	Year 1	Year 2	Year 3
Payable days	28	24	20
Inventory holding in days	32	28	25
Receivable days	40	38	35

Based on the above data, which of the following is not correct?

- A. Payables have not been managed well to improve the company's liquidity
- B. Inventory has not been managed well that has led to inventory overstocking
- C. Receivables have been managed well to improve the collection period
- D. Operating cycle has improved

Question Number : 36 Question Id : 7095977558 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

A company observed a decline in inventory turnover ratio. Which of the following reason(s) could be the reasons for decline in inventory turnover ratio?

- I. The company had bought in bulk for getting discounts
- II. The company had installed a new ERP because of which inventory management became more efficient
- III. Due to some technical glitches in the software, order with increased quantities were placed to the suppliers
- IV. The company had written off some inventory due to being not in demand

- A. I and II
- B. II and III
- C. I and III
- D. I and IV

Question Number : 37 Question Id : 7095977559 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Time Co had an average receivables days outstanding of 50 days in 2017. The company is trying to reduce its receivable days from 50 to 44 days. The ending receivables in 2017 were Rs.2000 million, and for 2018, it is expected to increase to Rs.2500 million. Calculate the approximate revenue required to achieve the estimated target. (Ignore averaging)

- A. Rs. 18,738
- B. Rs. 6,139
- C. Rs. 20,739
- D. Rs. 5,897

Question Number : 38 Question Id : 7095977560 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

PQR Co. operates a juice delivery service that specializes in business refreshments for large corporations. PQR Co. requires customers to place their orders 1 weeks in advance of the scheduled events. It bills its customers on the 15th day of the month following the date of service and requires that payment be made within 20 days of the billing date. Going with best accounting practices, PQR CO. should recognize revenue when

- A. The company receives the order from the corporates.
- B. The juice is delivered to the corporate staffs.
- C. Invoice is mailed to the companies.
- D. Payment is received by PQR Co.

Question Number : 39 Question Id : 7095977561 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Ace Company has revenue of Rs.200,000, cost of sales of Rs.110,000, interest expense of Rs.15,000, taxes of Rs.28,000 and operating expenses of Rs.25,000, What is Ace's operating profit margin?

- A. 30.75%
- B. 32.50%
- C. 27.50%
- D. 25.45%

Question Number : 40 Question Id : 7095977562 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Following is the data related to Pure Water Inc. for the year ended 31st Dec 2016.

Revenue Rs.500,000

Cost of Goods Sold Rs.280,000

Average assets Rs.1,000,000

Average equity Rs.300,000

The company's gross profit margin ratio is

- A. 48%
- B. 34%
- C. 44%
- D. 55%

Question Number : 41 Question Id : 7095977563 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Calculate the Operating Margin Ratio, if operating expenses is Rs.80,000, revenue is Rs.1000,000, and Cost of goods sold is Rs.750,000.

- A. 25%
- B. 17%
- C. 20%
- D. 10%

Question Number : 42 Question Id : 7095977564 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Which of the following statements are true?

- i) Common-size balance sheet presents each item as a percentage of Total.
- ii) Common size income statement presents each item as a percentage of revenue.
- iii) Common size analysis is also called vertical analysis.

- A. Both i and ii
- B. Both i and iii
- C. Both ii and iii
- D. All i, ii and iii

Question Number : 43 Question Id : 7095977565 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Given the quick ratio of 2.50, current assets of Rs.55,000, and inventory of Rs.12,000, the value of current liabilities is

- A. Rs.12,500
- B. Rs.22,500
- C. Rs.17,200
- D. Rs.16,000

Question Number : 44 Question Id : 7095977566 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2.5 Wrong Marks : 0

Which of the following risk is measured by debt-equity ratio?

- A. Liquidity risk
- B. Financial risk
- C. Management risk
- D. Overall Business risk