

National Testing Agency

Question Paper Name: Financial Accounting and Analysis
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Financial Accounting and Analysis

Group Number : 1
Group Id : 41652994
Group Maximum Duration : 0
Group Minimum Duration : 120
Revisit allowed for view? : No
Revisit allowed for edit? : No
Break time: 0
Group Marks: 120

Financial Accounting and Analysis

Section Id : 41652994
Section Number : 1
Section type : Online
Mandatory or Optional: Mandatory
Number of Questions: 60
Number of Questions to be attempted: 60
Section Marks: 120
Display Number Panel: Yes
Group All Questions: No

Sub-Section Number: 1
Sub-Section Id: 41652997
Question Shuffling Allowed : Yes

Question Number : 1 Question Id : 4165297531 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical
Correct Marks : 2 Wrong Marks : 0

A banker requires financial information to assess whether:

- I. The borrower can repay the loan amount
 - II. The borrower can pay the interest
 - III. The borrower can repay only the principal
 - IV. The borrower can pay the instalments early than the stipulated time
- a) I and IV
 - b) II and III
 - c) I and II
 - d) II and IV

Question Number : 2 Question Id : 4165297532 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Mr. Bean has a firm named Baked Beans engaged in trading of baked beans. He records his personal as well as his business expenses together in the books of the firm . He is violating _____ concept.

- a) Entity concept
- b) Going concern concept
- c) Cost concept
- d) Business concept

Question Number : 3 Question Id : 4165297533 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

The going concern concept assumes that _____.

- a) Entity is going to operate for more than five years
- b) Entity is going to operate in the foreseeable future.
- c) Entity is going to operate beyond one year
- d) Entity cannot be liquidated in future.

Question Number : 4 Question Id : 4165297534 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

The company took Rs. 50,000 loan payable in 6 months from a lender. This loan would form part of:

- a) Non-current Liabilities
- b) Current Liabilities
- c) Owners' Equity
- d) Liabilities of its competitors

Question Number : 5 Question Id : 4165297535 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

As on 31st March, 2016, 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 assets held by the firm on 31st March 2016?

- a) Rs. 15000
- b) Rs. 45000
- c) Rs. 95000
- d) Rs. 70000

Question Number : 6 Question Id : 4165297536 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

In March 2015, White Co., a dealer in printers, sold two printers to Black Co for Rs.50,000 at a profit of 10% on sales price. Black Company agreed to pay it within 60 days. On its March 31st Balance Sheet, how would the accounting equation be affected due to this transaction?

- a) Trade Receivables would increase by Rs.50,000, inventory would decrease by 45,000 and equity would increase by Rs. 5,000.
- b) Trade Receivables would increase by Rs. 45,000, inventory would decrease by 40,000 and equity would increase by Rs.5,000.
- c) Trade Receivables would decrease by Rs. 50,000, inventory would decrease by 45,000 and equity would increase by Rs. 5,000.
- d) Trade Receivables would increase by Rs. 45,000, inventory would decrease by 10,000 and equity would decrease by Rs. 40,000.

Question Number : 7 Question Id : 4165297537 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

A company has assets of Rs.55,000 and liabilities of Rs. 20,000. What is the amount of residual interest in the assets of the firm?

- a) Rs.20,000
- b) Rs.35,000
- c) Rs.25,000
- d) Rs.30,000

Question Number : 8 Question Id : 4165297538 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

TMC Co. sold products to its customers at a selling price of Rs.20,000 on credit. The cost of the goods sold are Rs.13,000. The net change in TMC's assets on 1st August, 2017 related to this transaction is:

- a) The assets balance will remain unchanged
- b) Assets will decrease by Rs.13,000
- c) Net increase in assets by Rs.7,000
- d) Assets will increase by Rs.20,000

Question Number : 9 Question Id : 4165297539 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

At the beginning of the year, Branson Co. had total assets of Rs.800,000 and total liabilities of Rs.500,000. If the total assets increased Rs.180,000 during the year and total liabilities decreased by Rs.90,000, what is the amount of equity at the end of the year?

- a) Rs. 300,000
- b) Rs. 90,000
- c) Rs.390,000
- d) Rs.570,000

Question Number : 10 Question Id : 4165297540 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Calculate the amount of receivables if total assets other than receivables =Rs.10,000 Total liabilities=Rs.10,000 Total Capital=Rs.5000.

- a) Rs. 6000
- b) Rs. 10000
- c) Rs. 5000
- d) Rs. 1000

Question Number : 11 Question Id : 4165297541 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Accounts receivable, short-term deposits and marketable securities are listed on balance sheet as

- a) Accrued liabilities
- b) Current liabilities
- c) Non-current assets
- d) Current assets

Question Number : 12 Question Id : 4165297542 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

A current asset that is convertible to cash within 3 months can be referred to as

- a) Cash in hand
- b) Cash at bank
- c) Inventory
- d) Cash equivalents

Question Number : 13 Question Id : 4165297543 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

X Co. took five year loan of Rs.25,000 on January 1, 2016, payable in five instalments, each instalment starting January 1, Rs.5000 should be paid. As on Dec 31st 2016, what is the amount that should be reflected 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

Question Number : 14 Question Id : 4165297544 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which of the following payment should be capitalized?

- a) Routine maintenance expenses
- b) Replacing an old part of the equipment with a new part
- c) Replacing an old part with a new improved part resulting in an increase in productivity of the equipment.
- d) Cost of lubricating parts of equipment

Question Number : 15 Question Id : 4165297545 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

A share's par value is Rs.20 and it is being issued at Rs.50. Calculate the amount of Share Premium.

- a) Rs. 20
- b) Rs. 40
- c) Rs. 30
- d) Rs. 50

Question Number : 16 Question Id : 4165297546 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Equity consists of

- a) Share Capital of the company
- b) Retained earnings of the company
- c) Share capital and Retained earnings of the company
- d) Share Capital and Net Income of the company

Question Number : 17 Question Id : 4165297547 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Assets which can be converted to cash within one year or operating cycle whichever is longer are

- a) Non-current assets
- b) Intangible assets
- c) Fixed assets
- d) Current assets

Question Number : 18 Question Id : 4165297548 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Par value of a share refers to the:

- a) Market value of the share
- b) Book value of the share
- c) Nominal Value of the share
- d) Intrinsic value of the share

Question Number : 19 Question Id : 4165297549 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which of the following is a current liability?

- a) Borrowings due in 18 months
- b) Share capital
- c) Trade (Accounts) payable in 12 months
- d) Retained earnings

Question Number : 20 Question Id : 4165297550 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

..... are assets which are not expected to be consumed or realized in cash within one year.

- a) Current Assets
- b) Short-term Assets
- c) Liquid Assets
- d) Non-Current Assets

Question Number : 21 Question Id : 4165297551 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 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 : 22 Question Id : 4165297552 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

A company purchases machinery for Rs.5,50,000. It estimates that the equipment will have a salvage value of Rs.50,000 and its useful life will be 5 years. Calculate the amount of depreciation to be charged every year, assuming the company follows straight-line depreciation.

- a) Rs.100,000
- b) Rs.90,000
- c) Rs.106,000
- d) Rs.94,000

Question Number : 23 Question Id : 4165297553 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

A company is in the business of buying and selling pens. During the year it purchased 2000 pens that cost Rs. 20,000. Of these it sold 400 pens for Rs. 10,000. What is the profit/loss on this transaction?

- a) Loss of Rs. 10,000
- b) Profit of Rs. 6,000
- c) Loss of Rs. 6,000
- d) Profit of Rs. 10,000

Question Number : 24 Question Id : 4165297554 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

The value arrived at after deducting the accumulated depreciation from the cost of the fixed asset is:

- a) Net Book Value of the Asset
- b) Market Value of the Asset
- c) Gross Book Value of the Asset
- d) Replacement Value of the Asset

Question Number : 25 Question Id : 4165297555 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Cash inflows from the sale of goods is recorded under the head:

- a) Operating activities
- b) Financing activities
- c) Investing activities
- d) Non-operating activities

Question Number : 26 Question Id : 4165297556 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Dividends paid to the shareholders would be stated under cash flow from _____ activities.

- a) Operating
- b) Financing
- c) Investing
- d) Non-financing

Question Number : 27 Question Id : 4165297557 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Jewels 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 : 28 Question Id : 4165297558 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Ace Company has revenue of Rs. 500,000, cost of goods sold Rs. 340,000, interest expense of Rs. 24,000, taxes of Rs. 18,000 and operating expenses of Rs. 15,000, What is Ace Company's operating profit?

- a) Rs. 127,000
- b) Rs. 103,000
- c) Rs. 160,000
- d) Rs. 145,000

Question Number : 29 Question Id : 4165297559 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

In the current year, Giraffe Inc., had Rs.20 million of 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 : 30 Question Id : 4165297560 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 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, and net income of Rs.200 lakhs for the year just ended. 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 : 31 Question Id : 4165297561 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 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) "32.5%"
- c) "27.5%"
- d) "25.45%"

Question Number : 32 Question Id : 4165297562 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 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) "44%"
- b) "34%"
- c) "48%"
- d) "55%"

Question Number : 33 Question Id : 4165297563 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Zohio Corp. reported total assets of Rs.500,000, Rs.400,000, Rs.370,000 in the year 2016, 2015 and 2014 respectively. If 2015 is the base year, what is the percentage change for 2016?

- a) "45%"
- b) "25%"
- c) "35%"
- d) "15%"

Question Number : 34 Question Id : 4165297564 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

If the gross profit margin is 20% and the cost of goods sold is Rs.120,000, what is the amount of revenue?

- a) Rs.100,000
- b) Rs.250,000
- c) Rs.150,000
- d) Rs.200,000

Question Number : 35 Question Id : 4165297565 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

If revenue is Rs.5, 00,000 and net profit is Rs.60,000, Net profit margin ratio is

- a) "24%"
- b) "12%"
- c) "10%"
- d) "22%"

Question Number : 36 Question Id : 4165297566 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

If a company's pricing policy is to keep the selling price at 25% above the cost, the Gross Profit ratio is

- a) "15%"
- b) "25%"
- c) "28%"
- d) "20%"

Question Number : 37 Question Id : 4165297567 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 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 : 38 Question Id : 4165297568 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Rody Co. has sales revenue of RS. 500,000, cost of goods sold 320,000 and operating expenses of Rs.70,000. What is its gross profit?

- a) Rs.250,000
- b) Rs. 110,000
- c) Rs. 180,000
- d) Rs. 430,000

Question Number : 39 Question Id : 4165297569 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Operating margin is calculated by

- a) $(\text{Operating Cost}/\text{Revenue}) \times 100$
- b) $(\text{Operating Profit}/\text{Revenue}) \times 100$
- c) $(\text{Non-Operating cost}/\text{Net sales}) \times 100$
- d) None of the above

Question Number : 40 Question Id : 4165297570 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 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 : 41 Question Id : 4165297571 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Determine the inventory turnover ratio if, beginning inventory is Rs.20,000, ending inventory is Rs. 40,000, revenue is Rs.400,000 and Gross profit ratio is 25%.

- a) 11 times
- b) 10 times
- c) 8 times
- d) 15 times

Question Number : 42 Question Id : 4165297572 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which of the following statements is usually correct?

- a) A low receivables turnover is good for the business
- b) The lower the total debt-to-equity ratio, the lower the financial risk for a firm
- c) The higher the tax rate for a firm, the lower the interest coverage ratio
- d) An increase in net profit margin with no change in sales or assets means a poor ROI

Question Number : 43 Question Id : 4165297573 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Company X's Quick ratio is 1.5:1, current ratio is 2:1 and current liabilities are Rs.50,000. Determine the value of the inventory

- a) Rs.40,000
- b) Rs.30,000
- c) Rs.25,000
- d) Rs.35,000

Question Number : 44 Question Id : 4165297574 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Sam Inc., has an 12 percent return on total assets of Rs.600,000 and a net profit margin of 5 percent. What is its revenue?

- a) Rs.1500,000
- b) Rs.1480,000
- c) Rs.1440,000
- d) Rs.1550,000

Question Number : 45 Question Id : 4165297575 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

As on 31st March 2016, a firm's cash balance is Rs.300,000, accounts receivables Rs.100,000 and short-term investments Rs.150,000. It had current liabilities of Rs.250,000. Calculate its current ratio:

- a) 1.6
- b) 2.2
- c) 1.2
- d) 1.8

Question Number : 46 Question Id : 4165297576 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Determine the total asset turnover ratio if net profit margin ratio is 5 percent and assets are Rs.12 million, and ROA is 10 percent.

- a) 1.5
- b) 2
- c) 2.5
- d) 3.5

Question Number : 47 Question Id : 4165297577 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

The_____ratio measures the profitability of the business in relation to its total assets.

- a) Net profit ratio
- b) Operating profit ratio
- c) Return on assets
- d) Return on equity

Question Number : 48 Question Id : 4165297578 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which of the following ratios helps in measuring the long-term solvency of the company?

- a) Current ratio
- b) Debt equity ratio
- c) Net profit margin ratio
- d) Quick ratio

Question Number : 49 Question Id : 4165297579 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

What is the ratio that measures the number of days on average the company takes to collect its receivables?

- a) Days inventory outstanding
- b) Days payable outstanding
- c) Days sales outstanding
- d) Days order outstanding

Question Number : 50 Question Id : 4165297580 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Company X is having an average trade receivables of Rs.40,000 and has earned revenue of Rs.480,000 during the year 2016. How many times is the company able to collect its receivables?

- a) 10 times
- b) 22 times
- c) 12 times
- d) 8 times

Question Number : 51 Question Id : 4165297581 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which of the following statement about the users of accounting information is not correct?

- a) Regulators are external users of accounting information.
- b) Management is considered as external user of accounting information
- c) Bankers are considered as external users of accounting information
- d) Employees are considered as internal users of accounting information

Question Number : 52 Question Id : 4165297582 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Bat and Ball Co took a loan of Rs. 20,000 from a bank for buying new bats on 1st January, 2016. The loan is payable annually in two equal annual instalments, first instalment due on 1st January, 2017 for Rs. 11,520 (9500 being principal amount). What would be the effect of this transaction on company's balance sheet as on 31st March 2016?

- a) Company's liabilities will increase by Rs.23,040, equity would decrease by 2,020 and assets would increase by Rs.20,000
- b) Company's liabilities will increase by Rs.11, 520 equity would decrease by 520 and assets will increase by Rs.11,000
- c) Company's liabilities will increase by Rs. 20,505, equity would decrease by 505 and assets would increase by 20,000.
- d) Company's liabilities will decrease by Rs. 20,505 , equity would decrease by 505 and assets would increase by 20,000.

Question Number : 53 Question Id : 4165297583 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

What does the audit of financial statements involve?

- a) The audit of the financial statements involve the preparation of the financial statements
- b) The audit involves obtaining evidences for all the transactions
- c) The audit involves examining that the financial statements are free from errors and mistakes.
- d) The audit involves obtaining audit evidence to give reasonable assurance that the financial statements are free from material misstatements

Question Number : 54 Question Id : 4165297584 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Moon Ltd. records the assets at its cost of acquisition. Which of the following accounting concept is the company following in this regard?

- a) Cost Concept
- b) Business Concept
- c) Entity Concept
- d) Going-concern Concept

Question Number : 55 Question Id : 4165297585 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

You find Capital in the same side of the balance sheet as liabilities because of :

- a) Entity concept
- b) Going concern concept
- c) Cost concept
- d) None of the above

Question Number : 56 Question Id : 4165297586 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which of the following statements best describes the retained earnings?

- a) Retained earnings is equal to the cash account less dividends paid
- b) Retained earnings are the undistributed earnings of the company
- c) Retained earnings represent unused cash of the company
- d) Retained earnings is the measurement of all distributed earnings

Question Number : 57 Question Id : 4165297587 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

JDL Corp.'s selected financial data as at 31st Dec 2016 is given. Current Assets: Rs. 250,000; Current Liabilities: Rs. 150,000; Inventories: Rs. 60,000; Accounts Receivables: Rs. 45,000; Revenue: 950,000; Cost of Goods Sold: 675,000. JDL's inventory turnover is -----

- a) 9.50 times
- b) 4.50 times
- c) 11.25 times
- d) 5.43 times

Question Number : 58 Question Id : 4165297588 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

JDL Corp.'s selected financial data as at 31st Dec 2016 is given. Current Assets: Rs. 250,000; Current Liabilities: Rs. 150,000; Inventories: Rs. 60,000; Accounts Receivables: Rs. 45,000; Revenue: 950,000; Cost of Goods Sold: 675,000. JDL's Quick ratio is -----

- a) 1
- b) 1.27
- c) 0.8
- d) 2.45

Question Number : 59 Question Id : 4165297589 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Following is the data related to company A's revenue and profits for the year ended 31st Dec 2016: Revenue: Rs. 600,000, Net profit: Rs. 120,000. Company B's profit for the year ended 31st Dec 2016 is Rs.100,000 and its profitability is 5% more than company A's profitability. Calculate Company B's revenue for the year ended 31st Dec 2016.

- a) Rs.250,000
- b) Rs.630,000
- c) Rs.400,000
- d) Rs.520,000

Question Number : 60 Question Id : 4165297590 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Jim Corp.'s revenue for the 31st December 2016 was Rs.600,000 and generated a gross margin ratio of 30%. If the amount of inventory on 31st December 2015 was Rs.80,000 and that on 31st December 2016 was Rs. 90,000, what would be the average holding period of inventory?

- a) 49 days
- b) 74 days
- c) 51 days
- d) 64 days