

National Testing Agency

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Financial Accounting and Analysis

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Financial Accounting and Analysis-1

Section Id :	603489354
Section Number :	1
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Number of Questions :	50
Number of Questions to be attempted :	50
Section Marks :	100
Enable Mark as Answered Mark for Review and Clear Response :	Yes
Sub-Section Number :	1
Sub-Section Id :	603489670
Question Shuffling Allowed :	Yes

Question Number : 1 Question Id : 60348917332 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

ABC 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?

1. Money measurement concept
2. Materiality concept
3. Matching concept
4. Entity concept

Options :

60348965277. 1

60348965278. 2

60348965279. 3

60348965280. 4

Question Number : 2 Question Id : 60348917333 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The company borrowed Rs. 60,000 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.

1. Non-current Liabilities
2. Current Liabilities
3. Owners' Equity
4. Liabilities of its competitors

Options :

60348965281. 1

60348965282. 2

60348965283. 3

60348965284. 4

Question Number : 3 Question Id : 60348917334 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The owner of a business bought air conditioner for his home. The accountant reported it as the assets of the business. Which accounting concept got violated?

1. Cost concept
2. Accrual concept
3. Matching concept
4. Entity concept

Options :

60348965285. 1

60348965286. 2

60348965287. 3

60348965288. 4

Question Number : 4 Question Id : 60348917335 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Sam 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?

1. Balance Sheet
2. Cash Flow Statement
3. Income Statement
4. All of these are correct

Options :

60348965289. 1

60348965290. 2

60348965291. 3

60348965292. 4

Question Number : 5 Question Id : 60348917336 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Mr. B took a five year loan of Rs.30,000 from his friend, free of interest on January 1, 2018, payable in six 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 non-current liability and current liability respectively ?

1. Rs. 10,000 and Rs.20,000
2. Rs.15,000 and Rs.15,000
3. Rs.25,000 and Rs.5,000
4. Rs.5,000 and Rs.25,000

Options :

60348965293. 1

60348965294. 2

60348965295. 3

60348965296. 4

Question Number : 6 Question Id : 60348917337 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Installation charges paid in cash for installing a new equipment. This transaction would affect the accounting equation in the following way:

1. Increase in total equity and increase in total asset
2. No change in total equity and no change in total asset
3. Increase in total liability and increase in total asset
4. Decrease in total equity and increase in total asset

Options :

60348965297. 1

60348965298. 2

60348965299. 3

60348965300. 4

Question Number : 7 Question Id : 60348917338 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Invoice price of machine
2. Penalty paid on customs duty
3. Custom duty
4. Delivery Costs

Options :

60348965301. 1

60348965302. 2

60348965303. 3

60348965304. 4

Question Number : 8 Question Id : 60348917339 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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?

1. Rs.15,000
2. Rs.45,000
3. Rs.10,000
4. Rs.35,000

Options :

60348965305. 1

60348965306. 2

60348965307. 3

60348965308. 4

Question Number : 9 Question Id : 60348917340 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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?

1. Trade receivables would have to be written off and Allowance for credit loss would get increased by that amount.
2. Trade receivables have to be written off and Allowance for credit loss would get reduced by that amount.
3. Bad debts would get reduced and Allowance for credit loss would get increased by that amount.
4. Revenue will increase and Allowance for credit loss would get increased.

Options :

60348965309. 1

60348965310. 2

60348965311. 3

60348965312. 4

Question Number : 10 Question Id : 60348917341 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The company purchased equipment on 1st June 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 June 2019 after passing entry for depreciation?

1. Assets will increase by 100,000, Liabilities will increase by 100,000
2. Assets will increase by 100,000, Liabilities will increase by 90,000, Equity will increase by 10,000
3. Assets will increase by 100,000, Liabilities will increase by 94,000, Equity will increase by 6,000
4. Assets will increase by 99,200, Liabilities will increase by 100,000, Equity will decrease by 800

Options :

60348965313. 1

60348965314. 2

60348965315. 3

60348965316. 4

Question Number : 11 Question Id : 60348917342 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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?

1. Equity will increase by 7,000
2. Equity will decrease by 8,000
3. Equity will increase by 4,000
4. Equity will decrease by 12,000

Options :

60348965317. 1

60348965318. 2

60348965319. 3

60348965320. 4

Question Number : 12 Question Id : 60348917343 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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.

1. 1,10,000
2. 90,000
3. 120,000
4. 250,000

Options :

60348965321. 1

60348965322. 2

60348965323. 3

60348965324. 4

**Question Number : 13 Question Id : 60348917344 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

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

1. Current, Non-Current
2. Non-Current, Intangible
3. Non-Current, Current
4. Intangible, Current

Options :

60348965325. 1

60348965326. 2

60348965327. 3

60348965328. 4

**Question Number : 14 Question Id : 60348917345 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

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	

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

1. Value of closing stock is 2100
2. Value of closing stock is 3400
3. Value of closing stock is 3000
4. Value of closing stock is 2250

Options :

60348965329. 1
60348965330. 2
60348965331. 3
60348965332. 4

Question Number : 15 Question Id : 60348917346 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

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?

1. Rs.500
2. Rs.450
3. Rs.445
4. Rs.455

Options :

60348965333. 1

60348965334. 2

60348965335. 3

60348965336. 4

Question Number : 16 Question Id : 60348917347 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

ABC 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

1. Rs.100,000

2. Rs.90,000

3. Rs.106,000

4. Rs.94,000

Options :

60348965337. 1

60348965338. 2

60348965339. 3

60348965340. 4

Question Number : 17 Question Id : 60348917348 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A company's inventories and purchases information for the year ended 31st December 2019 is as follows:

Opening inventories 1 Jan 2018	Rs.20,000
Purchases during the month	62,000
Closing inventories 31 Dec 2019	18,000

What is the cost of goods sold during the year ended 31st Dec 2019?

1. Rs.72,000
2. Rs.87,000
3. Rs.64,000
4. Rs.77,000

Options :

60348965341. 1
60348965342. 2
60348965343. 3
60348965344. 4

Question Number : 18 Question Id : 60348917349 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A company 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?

1. Rs.150,000
2. Rs.100,000
3. Rs.50,000
4. Rs.200,000

Options :

60348965345. 1
60348965346. 2
60348965347. 3
60348965348. 4

Question Number : 19 Question Id : 60348917350 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

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 Administration expenses of Rs.15,000, What is Ace Company's operating profit?

1. Rs.127,000
2. Rs.103,000
3. Rs.160,000
4. Rs.145,000

Options :

60348965349. 1

60348965350. 2

60348965351. 3

60348965352. 4

Question Number : 20 Question Id : 60348917351 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. True
2. False
3. Sufficient information not available
4. Usually remains true

Options :

60348965353. 1

60348965354. 2

60348965355. 3

60348965356. 4

Question Number : 21 Question Id : 60348917352 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

ABC 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

1. Understated by Rs.32,000
2. Overstated by Rs.72,000.
3. Understated by Rs.72,000.
4. Overstated by Rs.26,000.

Options :

60348965357. 1

60348965358. 2

60348965359. 3

60348965360. 4

**Question Number : 22 Question Id : 60348917353 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

XYZ 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 XYZ 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?

1. Rs.24,250
2. Rs.0
3. Rs.24,750
4. Rs.25,000

Options :

60348965361. 1

60348965362. 2

60348965363. 3

60348965364. 4

Question Number : 23 Question Id : 60348917354 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

In the current year, Max 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?

1. Rs.9 million
2. Rs.12 million
3. Rs.8 million
4. Rs.10 million

Options :

60348965365. 1

60348965366. 2

60348965367. 3

60348965368. 4

Question Number : 24 Question Id : 60348917355 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

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, earned a net income of Rs.200 lakhs. If the corporate tax rate is 20%, the amount of revenue earned for the year is:

1. Rs.1900 lakhs
2. Rs.1800 lakhs
3. Rs.1500 lakhs
4. Rs.2000 lakhs

Options :

60348965369. 1

60348965370. 2

60348965371. 3

60348965372. 4

Question Number : 25 Question Id : 60348917356 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 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

1. Rs.10,000
2. Rs.9,000
3. Rs.8,100
4. Rs.8,000

Options :

60348965373. 1

60348965374. 2

60348965375. 3

60348965376. 4

Question Number : 26 Question Id : 60348917357 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

Income Statement for the year ended 31st 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

1. 17.25%
2. 17.33%
3. 16.7%
4. 13.33%

Options :

60348965377. 1

60348965378. 2

60348965379. 3

60348965380. 4

Question Number : 27 Question Id : 60348917358 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Increased proportion of cost of goods sold expense to revenue as compared to last year
2. Increased proportion of operating expenses to revenue
3. Increase proportion of interest expense to revenue
4. All of these are correct

Options :

60348965381. 1

60348965382. 2

60348965383. 3

60348965384. 4

Question Number : 28 Question Id : 60348917359 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 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

1. I & II
2. II & III
3. III & IV
4. I & IV

Options :

60348965385. 1

60348965386. 2

60348965387. 3

60348965388. 4

Question Number : 29 Question Id : 60348917360 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 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:

1. No impact on profit and loss account
2. Profit will increase by Rs.200,000
3. Profit will reduce by Rs. 200000
4. Profit will be reduced by Rs. 100000

Options :

60348965389. 1

60348965390. 2

60348965391. 3

60348965392. 4

Question Number : 30 Question Id : 60348917361 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A company has 20000 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. _____

1. Rs.30,000
2. Rs.40,000
3. Rs.20,000
4. Rs.45,000

Options :

60348965393. 1

60348965394. 2

60348965395. 3

60348965396. 4

Question Number : 31 Question Id : 60348917362 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Refer the following information.

Income Statement for the year ended 31st 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 31st 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

Based on the above information, the fixed asset turnover ratio for 2018 is

Note - ignore averaging

1. 3 times
2. 2 times
3. 0.30 times
4. 1 time

Options :

60348965397. 1

60348965398. 2

60348965399. 3

60348965400. 4

Question Number : 32 Question Id : 60348917363 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

High inventory turnover ratio implies

1. Inventory getting sold quickly
2. Slow moving inventory
3. Bulk purchase of inventory
4. Obsolete inventory

Options :

60348965401. 1

60348965402. 2

60348965403. 3

60348965404. 4

Question Number : 33 Question Id : 60348917364 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Refer the financial information below:

Income Statement for the year ended 31st 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 31st 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

The Receivable turnover ratio and inventory ratio respectively are :

1. 4 , 2.75
2. 5, 3.75
3. 3, 3.25
4. 2, 4

Options :

60348965405. 1
60348965406. 2
60348965407. 3
60348965408. 4

Question Number : 34 Question Id : 60348917365 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The following information is related to ABC Co.

Income Statement for the year ended 31st 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 31st 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

Referring the above information, calculate the time taken by company to collect its receivables.

1. 83 days
2. 73 days
3. 63 days
4. 93 days

Options :

60348965409. 1

60348965410. 2

60348965411. 3

60348965412. 4

**Question Number : 35 Question Id : 60348917366 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

The following information is related to ABC Co.

Balance Sheet as at 31st 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

Using the above information, calculate the current ratio of the company.

1. 3
2. 4
3. 1.45
4. 2.67

Options :

60348965413. 1

60348965414. 2

60348965415. 3

60348965416. 4

Question Number : 36 Question Id : 60348917367 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Solvency ratios measure the ability of the company to meet its

1. Short-term obligations
2. Long term obligations
3. Recurring expenses
4. Capital asset expenditure

Options :

60348965417. 1

60348965418. 2

60348965419. 3

60348965420. 4

Question Number : 37 Question Id : 60348917368 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The following is the data related to Ram Co.	Year 1	Year 2	Year 3
Payable days	28	25	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?

1. Payables have not been managed well to improve the company's liquidity
2. Inventory has not been managed well that has led to inventory overstocking
3. Receivables have been managed well to improve the collection period
4. Operating cycle has improved

Options :

60348965421. 1

60348965422. 2

60348965423. 3

60348965424. 4

**Question Number : 38 Question Id : 60348917369 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 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

- 1. I and II
- 2. II and III
- 3. I and III
- 4. I and IV

Options :

60348965425. 1

60348965426. 2

60348965427. 3

60348965428. 4

**Question Number : 39 Question Id : 60348917370 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

ABC 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 change in revenue required to achieve the estimated target.

1. Rs. 18,738
2. Rs. 6139
3. Rs. 20739
4. Rs. 5,897

Options :

60348965429. 1

60348965430. 2

60348965431. 3

60348965432. 4

Question Number : 40 Question Id : 60348917371 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Lee Co. operates a juice delivery service that specializes in business refreshments for large corporations. Lee 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, Lee CO. should recognize revenue when

1. Invoice is mailed to the companies.
2. The company receives the order from the corporates.
3. The juice is delivered to the corporate staffs.
4. Payment is received by PQR Co.

Options :

60348965433. 1

60348965434. 2

60348965435. 3

60348965436. 4

Question Number : 41 Question Id : 60348917372 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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?

1. 30.75%
2. 32.50%
3. 27.50%
4. 25.45%

Options :

60348965437. 1
60348965438. 2
60348965439. 3
60348965440. 4

**Question Number : 42 Question Id : 60348917373 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

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

1. 48%
2. 34%
3. 44%
4. 55%

Options :

60348965441. 1
60348965442. 2
60348965443. 3
60348965444. 4

Question Number : 43 Question Id : 60348917374 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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.

1. 25%
2. 17%
3. 20%
4. 10%

Options :

60348965445. 1

60348965446. 2

60348965447. 3

60348965448. 4

Question Number : 44 Question Id : 60348917375 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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.

1. Both i and ii
2. Both i and iii
3. Both ii and iii
4. All i, ii and iii

Options :

60348965449. 1

60348965450. 2

60348965451. 3

60348965452. 4

Question Number : 45 Question Id : 60348917376 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

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

1. Rs.12,500
2. Rs.22,500
3. Rs.17,200
4. Rs.16,000

Options :

60348965453. 1

60348965454. 2

60348965455. 3

60348965456. 4

Question Number : 46 Question Id : 60348917377 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Liquidity risk
2. Financial risk
3. Management risk
4. Overall Business risk

Options :

60348965457. 1

60348965458. 2

60348965459. 3

60348965460. 4

Question Number : 47 Question Id : 60348917378 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

High gross profit margin implies

- I. High revenues
- II. Low production costs
- III. High cost of goods sold
- IV. Efficient operations

- 1. I and II
- 2. III and IV
- 3. II and IV
- 4. I and IV

Options :

- 60348965461. 1
- 60348965462. 2
- 60348965463. 3
- 60348965464. 4

Question Number : 48 Question Id : 60348917379 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The revenue of the company increased by 30% in 2019 as compared to 2018. This is an example of

- 1. Ratio analysis
- 2. Common size analysis
- 3. Vertical analysis
- 4. Horizontal analysis

Options :

- 60348965465. 1
- 60348965466. 2
- 60348965467. 3
- 60348965468. 4

Question Number : 49 Question Id : 60348917380 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The following is the balance sheet of a company as at 31st March 2019.

Balance Sheet as at 31st March 2019

Assets	Rs.
Property, plant and equipment	100,000
Current assets	30,000
Total assets	130,000
Liabilities and equity	
Long-term borrowings	20,000
Equity capital	70,000
Retained earnings	40,000
Total liabilities and equity	130,000

If the company goes for preparing common size balance sheet, Property, plant and equipment would be reported as

1. 70%
2. 76.92%
3. 80%
4. 75.85%

Options :

60348965469. 1

60348965470. 2

60348965471. 3

60348965472. 4

Question Number : 50 Question Id : 60348917381 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The following is the balance sheet of a company as at 31st March 2019.

Balance Sheet as at 31st March 2019

Assets	Rs.
Property, plant and equipment	100,000
Current assets	30,000
Total assets	130,000
Liabilities and equity	
Long-term borrowings	20,000
Equity capital	70,000
Retained earnings	40,000
Total liabilities and equity	130,000

Using common size analysis, Long-term borrowings would be reported as

1. 25%
2. 15.38%
3. 20%
4. 18.55%

Options :

60348965473. 1

60348965474. 2

60348965475. 3

60348965476. 4