



## ACCOUNTS

### BOOKS - SULTAN CHAND & SONS ACCOUNTS (HINGLISH)

## SCANNER

#### Very Short Answer Questions

1. What are Financial Statements ?

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2. Define Statement of Profit and Loss/Income Statement.

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3. Define Balance Sheet.



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4. What is the importance of Financial Statement?



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5. Name two sections of a company's Balance Sheet.



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6. Name the major headings under which the Assets part of a company's Balance Sheet is organised and presented.



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7. What is meant by the term financial year?

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8. State the first heading under Equity and Liabilities part of the Balance Sheet of a company as per the Schedule III.

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9. Name any two items shown under the heading Non-current Liabilities.

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10. Name any two items shown under the heading Current Liabilities.

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**11.** What is meant by Share Application Money Pending Allotment?



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**12.** How is 'Share Application Money' shown in a company's Balance Sheet?



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**13.** How is debit balance (loss) of Surplus, i.e., Balance in Statement of Profit and Loss shown?



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**14.** What is meant by an Operating Cycle?



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15. What is 'Trade Receivables'?



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16. When is a receivable classified as 'Trade Receivables'?



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17. What is 'Trade Payables'?



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18. When is a payable classified as 'Trade Payable'?



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19. Name any two reserves shown under 'Reserves and Surplus'.



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20. What is meant by a Fund?



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21. Name any two Long-term Borrowings.



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22. Name any two Short-term Borrowings.



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23. Name the head under which the 'Calls-in-Advance' is shown in the company's Balance Sheet.



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24. Name the head under which the 'Current Maturity of Long-term Debts' is shown in the company's Balance Sheet.



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25. How is unamortised portion of Share Issue Expenses, Discount on Issue of Debentures and Loss on Issue of Debentures shown?



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26. Give the meaning of 'Long-term Provisions'.



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27. What is Contingent Liability?



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**28.** Mention any two items of Contingent Liability of a company.

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**29.** Name two components of total revenue of a company.

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**30.** What is meant by Analysis of Financial Statements?

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**31.** What is Horizontal Analysis?

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**32.** Why Horizontal Analysis is considered dynamic in nature?



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**33.** What is Vertical Analysis?



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**34.** Give an example of Horizontal and Vertical Analysis.



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**35.** What is intra-firm Analysis?



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**36.** What is inter-firm Analysis?



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**37.** Name the three financial characteristics which are analysed by Financial Analysis.



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**38.** Give two areas of interest for investors which are analysed by Financial Statements.



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**39.** Give two areas of interest for management while analysing the Financial Statements.



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**40.** Give two areas of interest for bankers/lenders while analysing the Financial Statements.

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**41.** How is financial strength of a business unit assessed?

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**42.** State the significance of Analysis of Financial Statement to the 'Creditors'.

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**43.** Give two purposes which are served by Analysis of Financial Statements.

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**44.** One of the objectives of 'Financial Statements Analysis' is to identify the reasons for change in the financial position of the enterprise. State two more objectives of this analysis.



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**45.** One of the objectives of 'Financial Statements Analysis' is to judge the ability of the firm to repay its debt and assessing the short-term as well as the long-term liquidity position of the firm. State two more objectives of this analysis.



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**46.** One of the objectives of 'Financial Statement Analysis' is to ascertain the relative importance of the different components of the financial position of the firm. State two more objectives of this analysis.



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**47.** Why are investors interested in analysing Financial Statement?

Or

State the interest of investors in the Analysis of Financial Statements.



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**48.** State the interest of tax authorities in the Analysis of Financial Statements.



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**49.** State the interest of trade unions in the Analysis of Financial Statements.



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**50.** How is Financial Statement Analysis useful to Finance Manager?

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**51.** Explain how Financial Statement Analysis ignores qualitative elements.

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**52.** State any one objective of Financial Statement Analysis.

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**53.** State any one limitation of Financial Statement Analysis.

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**54.** How is 'window dressing' a limitation of Financial Statement Analysis?



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**55.** How does 'subjectivity' become a limitation of Financial Statement Analysis?



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**56.** State any two limitations of Financial Statement Analysis.

Or

State any two limitations of 'Analysis of Financial Statement'.



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**57.** Name two parties interested in Financial Statement Analysis.



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**58.** State the significance of Analysis of Financial Statement to 'Top Management'.

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**59.** State why shareholders are interested in Financial Statement Analysis.

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**60.** State the significance of Analysis of Financial Statement to the 'lenders'.

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**61.** Name any two tools of Analysis of Financial Statements.

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**62.** Which item is assumed to be 100 while preparing Common-Size Statement of Profit and Loss?



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**63.** What is meant by a Common-Size Statement?



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**64.** What is meant by Comparative Financial Statement?



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**65.** What is Comparative Balance Sheet ?



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**66.** What is understood by Accounting Ratio?



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**67.** What is meant by Ratio Analysis?



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**68.** State any two limitations of Ratio Analysis.



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**69.** State the limitation of ratio analysis regarding qualitative aspect.



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**70.** Comparison with the help of ratios is not possible if different firms follow different Accounting Policies. Comment.

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**71.** How does ratio analysis become less effective due to price level change?

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**72.** What is meant by Liquidity of Business?

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**73.** What is measured by Liquidity Ratios?

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74. Name the ratios that show the liquidity of an enterprise.

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75. What is Quick Ratio?

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76. Why Losses Tools and Stores and Spares are not included in Current Assets while calculating Current Ratio?

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77. Assuming that the Current Ratio is 2 : 1, state giving reason whether the ratio will improve, decline or will have no change in case a Bills Receivable is dishonoured.

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78. Current Ratio of a company is 3 : 1. State with reason whether the payment of Rs. 20,000 to the creditors will increase, decrease or not change the ratio.



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79. Why are inventories not considered as Quick Assets?



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80. What is meant by Solvency?



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81. List any three important Solvency Ratios.



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**82.** How the solvency of a business is assessed by Financial Statement Analysis.



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**83.** Assuming that the Debt to Equity Ratio is 1 : 2, state giving reason, whether the ratio will improve, decline or will have no change in case Equity Shares are issued for cash.



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**84.** What is meant by 'Activity Ratios'?



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**85.** What does low Trade Receivables Turnover Ratio indicate?



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**86.** What does a low Working Capital Turnover Ratio indicate?



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**87.** How is Inventory Turnover Ratio computed?



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**88.** How is Average Inventory computed?



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**89.** Inventory Turnover Ratio of a company is 3 times. State, giving reason, whether the ratio improves, declines or does not change because of increase in the Value of closing stock by Rs. 5,000.



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**90.** Trade Receivables Turnover Ratio of a company is 6 times. State with reason whether the ratio will improve, decrease or not change due to increase in the value of Closing Inventory (Stock) by Rs. 50,000.



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**91.** What is meant by 'Profitability' of Business?



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**92.** How can the profitability of a firm be measured?



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**93.** What is meant by 'Profitability Ratio'?



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**94.** State two profitability ratios based on sales.



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**95.** What is Gross Profit?



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**96.** What is Operating Profit?



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**97.** What does Gross Profit Ratio indicate?



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**98.** What is Operating Cost?



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99. Name the ratio which shows the relationship between operating profit and Revenue from Operations (Net Sales).



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100. What will be the Operating Profit Ratio, if Operating Ratio is 88.94 % ?



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101. What will be the Operating Profit Ratio, if Operating Ratio is 81.38 % ?



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**102.** What will be the Operating Profit Ratio, if Operating Ratio is 82.95%?

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**103.** Name Profitability Ratio based on investment.

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**104.** What is the meaning of 'Investment' for the purpose of 'Return on Investment' ratio?

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**105.** What are Trade Investments?

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**106.** What does 'ROI' ratio indicate?



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**107.** A company has earned Rs. 5,00,000 as profit before interest and tax. Its ROI is 20%. State the capital employed in the company.



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**108.** What is meant by a Cash Flow Statement?



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**109.** Why is Cash Flow Statement prepared?

Or

What is the objective of preparing a Cash Flow Statement?

Or

State the primary objective of preparing Cash Flow Statement.



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**110.** Define cash as per Accounting Standard-3.

Or

What is meant by 'Cash'?

Or

Cash Flow Statement shows inflows and outflows of 'Cash' and 'Cash Equivalents' from various activities of an enterprise during a particular period. Give the meaning of 'Cash' for the purpose of preparing Cash Flow Statement.



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**111.** Define the Cash Equivalents as per Accounting Standard-3.

Or

What is meant by Cash Equivalents?

Or

What are Cash Equivalents?

Or

What is meant by 'Cash Equivalents' while preparing Cash Flow Statement?

Or

Give the meaning of 'Cash Equivalents' for the purpose of preparing Cash Flow Statement.



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**112.** Give two examples of Cash Equivalents.



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**113.** Normally, what should be the maturity period for a short-term investment from the date of its acquisition to be qualified as Cash Equivalents?



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**114.** What is meant by Cash Flow?

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**115.** What is meant by Outflow of Cash while preparing Cash Flow Statement?

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**116.** What is meant by Operating Activities?

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**117.** What is meant by 'Cash from Operating Activities'?

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**118.** What is meant by Investing Activities?



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**119.** What is meant by Cash Flow from Financing Activities?



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**120.** Give one difference between an Operating Activity and a Financing Activity.



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**121.** Give one difference between an Operating Activity and a Investing Activity.



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**122.** Give an example of an activity which is a Financing Activity for every type of enterprise.



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**123.** Give any two transactions which result into inflow of cash.



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**124.** Give one transaction which may result into outflow of cash and one which may result into no flow of cash.



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**125.** Give one difference between an Investing Activity and a Financing Activity.



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**126.** State whether cash deposited in bank will result in inflow, outflow or no flow of cash.



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**127.** Interest received by a finance company is classified under which kind of activity while preparing Cash Flow Statement?



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**128.** State why Cash Flow Statement is not a substitute for income statement.



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**129.** Why is specific disclosure of Cash Flow from Financing Activities important while preparing Cash Flow Statement?





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**130.** Why is separate disclosure of Cash Flow from Investing Activities important while preparing Cash Flow Statement?



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**131.** Mention the net amount of 'Source' or 'Use' of cash when a fixed asset (having book value of Rs. 15,000) is sold at a loss of Rs. 5,000.



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**132.** Under which type of activity will you classify 'Commission and Royalty Received' while preparing Cash Flow Statement?



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**133.** Under which type of activity will you classify 'Cash Receipts from Debtors' while preparing Cash Flow Statement?

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**134.** Under which type of activity will you classify 'Proceeds from Sale of Buildings' while preparing Cash Flow Statement?

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**135.** Redemption of Debentures' would result in inflow, outflow or no flow of cash. Give your answer with reason.

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**136.** Purchase of patents would result in inflow, outflow or no flow of cash. Give your answer with reason.





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**137.** Under which type of activity will you classify 'sale of shares of another company' while preparing Cash Flow Statement?



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**138.** Give one limitation of Cash Flow Statement.



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**139.** Give one advantages of Cash Flow Statement.



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**140.** How is purchase of goodwill shown in Cash Flow Statement?



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**141.** Give an example of an activity which remains financing activity for every enterprise.



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**142.** Dividend paid by a finance company is classified under which kind of activity while preparing Cash Flow Statement.



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**143.** Dividend paid by a manufacturing company is shown under which kind of activity while preparing Cash Flow Statement.



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**144.** When does the Flow of Cash take place?



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**145.** When is interest received considered as financing activity?



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**146.** What are two major inflows and outflows of cash from financing activities?



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**147.** In which category following items will be classified while preparing Cash Flow Statement of State Bank of India?

(i) Interest and dividend received by the bank. (ii) Purchase of Computer.



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**148.** In which activity will you include the payment of interest on loan by a manufacturing company while preparing Cash Flow Statement?



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**149.** State whether the payment of cash to creditors will result in inflow, outflow or no flow of cash.



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**150.** State with reason, whether 'Discount received on making payment to suppliers' would result into inflow, outflow or no flow of cash.



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**151.** State with reason, whether 'Purchase of fixed asset on long-term deferred payment' would result in inflow, outflow or no flow.



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**152.** State with reason, whether charging of depreciation on furniture will result into inflow, outflow or no flow of cash.



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**153.** State how Cash Flow Statement are historical in nature.



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**154.** State with reason, whether the issue of 9% Debentures to the vendors for the purchase of machinery of Rs. 50,000 will result in inflow, outflow or no flow of cash.



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**155.** Under which type of activity will you classify 'Dividend Received by a Finance Company' while preparing Cash Flow Statement?

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**156.** Does movement between items that constitute Cash or Cash Equivalents result into Cash Flow? Give reasons in support of your answer.

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**157.** Under which type of activity will you classify 'Proceeds from Sale of Investment' while preparing Cash Flow Statement?

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**158.** State with reason, whether 'Old furniture written off' would result into inflow/outflow or no flow of cash.

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**159.** Deepu Ltd. A non financing company received dividend on shares. How will it be presented while preparing 'Cash Flow Statement'?

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**160.** Why is depreciation added back to net profit while preparing 'Cash Flow Statement'?

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**161.** Under which type of activity will you classify 'Refund of Tax Received' while preparing Cash Flow Statement?



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**162.** Under which type of activity will you classify 'Proceeds from Sale of Patents' while preparing Cash Flow Statement?



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**163.** Under which type of activity 'Interest paid on long-term borrowings' while preparing Cash Flow Statement?



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**164.** Interest received on debentures would result in inflow, outflow or no flow of cash. Give your answer with reason.



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**165.** An enterprise may hold securities and loans for dealing or trading purposes in which case they are similar to inventory acquired specifically for resale.' Is the statement correct? Cash flows from such activities will be classified under which type of activity while preparing Cash Flow Statement?



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**166.** Hider Ltd., a mutual fund company invested Rs. 5,00,000 in shares of Prayag Ltd. It received dividend of Rs. 45,000 during the year. How will it be depicted in the Cash Flow Statement?



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**167.** Nazma Ltd. Received interest on an item and the accountant classified it under Financing Activity while preparing Cash Flow Statement. Name another item for which such a treatment is possible.

Note by Authors: There seems to be printing error. Please read 'Investing Activity' in place of 'Financing Activity'.

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**168.** List any two financing activities that will result into outflow of cash.

Or

Name any two financing activities that will result into outflow of cash.

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**169.** Name any two Financing Activities that will result into inflow of cash.

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**170.** While preparing Cash Flow Statement, what type of activity is 'Payment of cash to acquire shares of another company by a trading company?'



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**171.** Classify the following activities as (i) Operating, (ii) Investing or (iii) Financing in case of a 'Financial Enterprise'.

(a) Proceeds from Sale of Investments

(b) Interest received on Debentures held as Investment.



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**172.** G Ltd'. Is carrying on a paper manufacturing business. In the current year, it purchased machinery for Rs. 30,00,000, it paid salaries of Rs. 60,000 to its employees, it required funds for expansion and therefore, issued shares of Rs. 20,00,000. It earned a profit of Rs. 9,00,000 for the current year.

Find out Cash Flow from Operating Activities.



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**173.** Shri Ltd'. Was carrying on a business of packaging in Delhi and earned good profits in the past years. The company wanted to expand its business and required additional funds. To meet its requirements the company issued equity shares of Rs. 30,00,000. It purchased a computerised machine for Rs. 20,00,000. It also purchased raw material amounting to Rs. 2,00,000. During the current year, the Net Profit of the company was Rs. 15,00,000.

Find out 'Cash flow from Operating Activities' from the above transactions.



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**174.** Interest received and paid' is considered as which type of activity by a finance company while preparing a Cash Flow Statement?



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**175.** 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



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**176.** Finserve Ltd., is carrying on a Mutual Fund business. It invested Rs. 30,00,000 in shares and Rs. 15,00,000 in debentures of various companies during the year. It received Rs. 3,00,000 as dividend and interest. Find out Cash Flow from Investing Activities.



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**177.** While preparing Cash Flow Statement, the accountant of 'Rachana Ltd'. A financing company, included 'Interest received on loan' in Financing Activities. Was he correct in doing so? Give reason.



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**178.** While preparing Cash Flow Statement, the accountant of a financing company showed 'Dividend Received Rs. 50,000 on investments' as an Investing Activity'. Was he correct in doing so? Give reason.



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**179.** The accountant of 'Nav Jeevan Ltd'. While preparing Cash Flow Statement added the dividend paid in the current year to net profit while calculating Cash Flow front Operating Activities. Was he correct in doing so? Give reason.



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**180.** While preparing the Cash Flow Statement of Alka Ltd. 'dividend paid' was shown as an Operating Activity by the accountant of the company. Was he correct in doing so? Give reason.





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**181.** While preparing the Cash Flow Statement of Sharda Ltd. 'Depreciation provided on fixed assets' was added to net profit to calculate Cash Flow from Operating Activities. Was the accountant correct in doing so? Give reason.

Or

The accountant of Manav Ltd. while preparing Cash Flow Statement added depreciation provided on fixed assets to net profit for calculating Cash Flow from Operating Activities. Was the accountant correct in doing so? Give reason.



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**182.** Short-term investments are not considered while preparing Cash Flow Statement. Why?



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**183.** Net increase in Working Capital other than Cash and Cash Equivalents will increase, decrease or not change Cash Flow from Operating Activities. Give reason in support of your answer.

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**184.** Loans and advances granted' by a company will be considered, as which type of activity while preparing Cash Flow Statement.

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## Short Answer Questions

**1.** Name the major headings under which the Equity and Liabilities part of a company's Balance Sheet is organised and presented.

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2. Name the sub-headings under which Shareholders' Funds is shown in a company's Balance Sheet.



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3. Name the sub-headings under which Non-current Assets is shown in a company's Balance Sheet.



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4. Name any two items that are shown under the head 'Other Current Liabilities' and any two items that shown under the head 'Other Current Assets' in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013.



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5. List any three items that can be shown under the heading 'Reserves and Surplus' in a company's Balance Sheet.

Or

List any four items of 'reserves' that are shown under the heading 'Reserves and 'Surplus' in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013.



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6. List the sub-headings which are shown under the heading 'Current Assets' in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013.



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7. Under which major headings and sub-headings will the followings items be shown in the Balance Sheet of a company as per Schedule III of Companies Act, 2013?

(i) Provision for Employee Benefits.

(ii) Calls-in-Advances.



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**8.** Classify the following items under Major Head and Sub-head (if any) in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013:

(i) Capital Work-in-Progress, (ii) Provision for Warranties,

(iii) Income Received in Advance, and (iv) Capital Advance.



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**9.** State under which major headings the following items will be presented in the Balance Sheet of a company as per revised Schedule VI, Part I of the Companies Act, 1956 (Now Schedule III, Part I of the Companies Act, 2013):

(i) Long-term Borrowings (ii) Trade Payables

(iii) Provision for Tax (iv) Securities Premium Reserve

(v) Patents (vi) Accrued Incomes.

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**10.** List any four items other than 'Stock-in-Trade' that are presented under the sub-head inventories' as per Schedule III of the Companies Act, 2013.

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**11.** When is an asset shown as 'Current Asset' and when as 'Non-current Asset'?

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**12.** When is a liability shown as 'Current Liability' and when as 'Non-current Liability'?



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**13.** Under which sub-headings will the following items be shown in the Balance Sheet of a company as per revised Schedule VI, Part I of the Companies Act, 1956 (Now Schedule III, Part I of the Companies Act, 2013)?

- (i) Long-term Loans
- (ii) Capital Redemption Reserve
- (iii) Short-term Provisions
- (iv) Goodwill
- (v) Provision for Warranties
- (vi) Brand/Trademarks



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**14.** Enumerate any three items of 'Current Assets' and three items of 'Current Liabilities' included in each of these major headings as per Revised Schedule VI (Now Schedule III) of the Companies Act, 1956 (Now 2013).



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15. JW Ltd. Was a company manufacturing geysers. As a part of its long-term goal for expansion, the company decided to identify the opportunity in rural areas. Initial plan was rolled out for Bhiwani village in Haryana. Since the village did not have regular supply of electricity, the company decided to manufacture solar geysers. The core team consisting of the Regional Manager, Accountant and the Marketing Manager was taken from the Head Office and the remaining employees were selected from the village and neighbourhood areas.

At the time of preparation of financial statements, the accountant of the company fell sick and the company deputed a junior accountant temporarily from the village for two months.

The Balance Sheet prepared by the junior accountant showed the following items against the Major Heads and Sub-heads mentioned which were not as per Schedule III of the Companies Act, 2013:

Item	Major Head/Sub-Head
1. Loose Tools	Trade Receivables
2. Cheques in Hand	Current Investments
3. Term Loan from Bank	Other Long-term Liabilities
4. Computer Software	Tangible Fixed Assets

Identify any two values that the company wants to communicate to the



society. Also present the above items under the correct major heads and sub-heads as per Schedule III of the Companies Act, 2013.

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**16.** State any two objectives of 'Analysis' of Financial Statements'.

Or

State any two objectives of Financial Statement Analysis.

Or

State the objectives of 'Analysis of Financial Statement'.

Or

What is meant by 'Analysis of Financial Statement'? State any two objectives of such an analysis.

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**17.** State any two limitations of 'Analysis of Financial Statement'.

Or

State any four limitations of 'Analysis of Financial Statement'.



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18. State any three advantages and three limitations of Analysis of Financial Statements.



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19. What is meant by Analysis of Financial Statements? How is it important from the viewpoint of creditors and management?



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20. What is meant by Analysis of Financial Statement? What is its importance to shareholders and employees?



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**21.** How is the Analysis of Financial Statements useful to potential investors and tax authorities? Explain in brief.



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**22.** Quick Ratio of a company is 1 : 1. State giving reasons (for any four), which of the following would improve, reduce or not change the ratio?

- (i) Purchase of machinery for cash
- (ii) Purchase of goods on credit
- (iii) Sale of furniture at cost
- (iv) Sale of goods at a profit
- (v) Redemption of debentures at a premium



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**23.** State with reasons, whether the Operating Ratio of a company will increase, decrease or not change due to the following transactions:

- (a) Paid Wages Rs. 1,000,
- (b) Issued Rs. 1,00,000, 12% Debentures,
- (c) Sold Goods on Credit Rs. 15,000,
- (d) Paid Rs. 5,000 Commission on Sales and
- (e) Paid Rs. 4,000 for Advertisement.



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24. A Mutual Fund Company receives a dividend of Rs. 25 lakhs on its investments in another company's shares. Why is it a cash inflow from operating activities for this company?



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25. State any two objectives of preparing 'Cash Flow Statement'.



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## Part B Practical Problems

1. Under which heads and sub-heads following items will appear in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013?

(i) Premium on Redemption of Debentures

(ii) Loose Tools

(iii) Balances with Banks



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**2.** Under which heads and sub-heads following items will appear in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013?

(i) Tax Reserve

(ii) Interest on Calls-in-Advance

(iii) Stores and Spares



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**3.** Under which heads and sub-heads following items will appear in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?

(ii) Encashment of Employees Earned Leave payable on retirement

(iii) Vehicles



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**4.** Under which heads and sub-heads following items will appear in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?

(i) Subsidy Reserve

(ii) Mining Rights

(iii) Provision for Doubtful Debts



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**5.** Under which heads and sub-heads following items will appear in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?

(i) Debentures (ii) Loose Tools

(iii) Calls-in-Advance (iv) Stores and Spares

(v) Proposed Dividend (vi) Computer Software



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**6.** Financial statements are prepared following the consistent accounting concepts, principles, procedures and also the legal environment in which the business organisations operate. These statements are the sources of information on the basis of which conclusions are drawn about the profitability and financial position of a company so that their users can easily understand and use them in their economic decisions in a meaningful way.

From the above statement, identify any two values that a company should observe while preparing its financial statement. Also, state under which major headings and sub-headings the following items will be presented in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013:

(i) Capital Reserve, (ii) Calls-in-Advance,

(iii) Loose Tools, and (iv) Bank Overdraft.



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7. Under which major heads the following items will be placed in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?

- (i) Securities Premium Reserve (ii) Balances with banks
- (iii) Term loans from bank (iv) Goods-in-transit
- (v) Loans repayable on demand (vi) Computer software
- (vii) Unpaid Dividends and (viii) Vehicles



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8. Under which heads the following items will be placed in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?

- (i) Cash in Hand (ii) Mining Rights
- (iii) Short-term deposit (iv) Debentures Redemption Reserve
- (v) Income received in advance (vi) Balance of the Statement of Profit and



Loss

(vii) Office Equipments and (viii) Work-in-Progress



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**9.** Under which major headings and sub-headings the following items will be shown in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013?

(i) Bank Overdraft (ii) Cheques in Hand

(iii) Loose Tools (iv) Long-term Provisions



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**10.** Under which major headings and sub-headings the following items will be shown in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013?

(i) Long-term Loans (ii) Loose Tools

(iii) Trademarks (iv) Drafts in Hand

(v) Bank Overdraft (vi) Stores and Spares

(vii) Bonds (viii) Capital Reserve

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**11.** Name the major heads under which the following items will be shown in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013:

(i) Work-in-Progress (ii) Calls-in-Advance

(iii) Mining Rights (iv) Trade Receivables

(v) Provision for Tax (vi) Goodwill

(vii) Loose Tools (viii) Accrued Income

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**Comparative Balance Sheet**

1. Balance Sheet of Blue Bell Ltd. As at 31st March, 2018 is given below:

Particulars	Note No.	31st March, 2018 (₹)	31st March, 2017 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
Share Capital		3,44,000	4,26,000
<b>2. Non-Current Liabilities</b>			
Long-term Borrowings		4,38,000	6,96,000
<b>3. Current Liabilities</b>			
		78,000	2,98,000
<b>Total</b>		<b>8,60,000</b>	<b>14,20,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets		4,30,000	5,68,000
(b) Investments		4,000	6,000
<b>2. Current Assets</b>			
		4,26,000	8,46,000
<b>Total</b>		<b>8,60,000</b>	<b>14,20,000</b>

Prepare Comparative Balance Sheet showing percentage changes from 2017 to 2018.

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2. From the following information, prepare a Comparative Statement of Profit and Loss of Y Ltd. For the year ended 31st March, 2015:

Particulars	31st March, 2015	31st March, 2014
Revenue from Operations	₹ 20,00,000	₹ 10,00,000
Cost of Materials Consumed	₹ 15,00,000	₹ 6,00,000
Other Expenses	12% of Cost of Materials Consumed	10% of Cost of Materials Consumed
Income Tax	40%	30%

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3. Prepare a Comparative Statement of Profit and Loss for the year ended 31st March, 2015 from the following information:

Particulars	31st March, 2015	31st March, 2014
Revenue from Operations	₹ 10,00,000	₹ 5,00,000
Purchase of Stock-in-Trade	₹ 6,50,000	₹ 2,00,000
Change in Inventories of Stock-in-Trade	₹ 60,000	₹ 50,000
Other Expenses	10% of Cost of Revenue from Operations	20% of Cost of Revenue from Operations
Tax Rate	40%	30%



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4. Following is the Statement of Profit and Loss of Moon India Ltd. For the year ended 31st March, 2015:

Particulars	Note No.	31st March, 2015	31st March, 2014
Revenue from Operations		₹ 50,00,000	₹ 40,00,000
Other Incomes		₹ 2,00,000	₹ 10,00,000
Employee Benefit Expenses		60% of Total Revenue	50% of Total Revenue
Other Expenses		10% of Employee Benefit Expenses	20% of Employee Benefit Expenses
Tax Rate		50%	40%

The motto of Moon India Ltd. Is to produce and distribute green energy in the backward areas of India. It has also taken up a project of giving vocational training to the girls belonging to the backward areas of Rajasthan. You are required to prepare a Comparative Statement of Profit

and Loss of Moon India Ltd. from the given Statement of Profit and Loss and also identify any two values that the company wishes to convey to the society.



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5. Prepare Comparative Statement of Profit and Loss from the following information.

Particulars	31st March, 2015	31st March, 2014
Revenue from Operations	₹ 16,00,000	₹ 12,00,000
Purchase of Stock-in-Trade	₹ 7,20,000	₹ 4,80,000
Change in Inventories of Stock-in-Trade	₹ 80,000	₹ 1,20,000
Other Expenses	25% of Cost of Revenue from Operations	15% of Cost of Revenue from Operations
Tax Rate	35%	45%



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6. From the following information provided, prepare Comparative Statement of Profit and Loss for the period 2016 and 2015:

Particulars	2016	2015
Revenue from Operations	₹ 9,00,000	₹ 6,00,000
Cost of Materials Consumed	50% of Revenue from Operations	60% of Revenue from Operations
Other Expenses % of (Revenue from Operations – Cost of Materials Consumed)	15%	20%
Income Tax	50%	50%



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7. Prepare Comparative Statement of Profit and Loss from the following information.

Particulars	2016 (₹)	2015 (₹)
Revenue from Operations	12,50,000	10,00,000
Expenses:		
Cost of Materials Consumed	6,50,000	5,00,000
Purchases of Materials	50,000	30,000
Other Expenses	60,000	50,000
Income Tax	50%	50%



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8. Prepare Comparative Statement of Profit and Loss from the following information:

Particulars	31.3.2016 (₹)	31.3.2015 (₹)
Revenue from Operations	50,000	40,000
Other Income	3,000	2,000
Expenses:		
Cost of Materials Consumed	35,000	30,000
Other Expenses	3,000	2,500
Income Tax	7,500	4,750



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9. Prepare 'Comparative Statement of profit and Loss' from the following information:

Particulars	31st March, 2016	31st March, 2015
Revenue from Operations	₹ 16,00,000	₹ 10,00,000
Expenses:		
Cost of Materials Consumed	70% of Revenue from Operations	70% of Revenue from Operations
Other Expenses	5% of Revenue from Operations	5% of Revenue from Operations
Rate of Income Tax	50% of Net Profit before Tax	50% of Net Profit before Tax



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10. Prepare 'Comparative Statement of Profit and Loss' from the following information:

Particulars	31st March, 2016	31st March, 2015
Revenue from Operations	₹ 32,00,000	₹ 20,00,000
Cost of Materials Consumed	70% of Revenue from Operations	70% of Revenue from Operations
Other Expenses	5% of Revenue from Operations	5% of Revenue from Operations
Rate of Income Tax	50% of Net Profit before Tax	50% of Net Profit before Tax



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11. From the following Statement of Profit and Loss of Moontrack Ltd. For the years ended 31st March, 2012 and 2011, prepare 'Comparative Statement of Profit and Loss':

Particulars	Note No.	2011-12 ₹	2010-11 ₹
Revenue from Operations		40,00,000	24,00,000
Other Incomes		24,00,000	18,00,000
Expenses		16,00,000	14,00,000



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12. From the following Statement of Profit and Loss of Suntrack Ltd. For the years ended 31st March, 2012 and 2011, prepare 'Comparative Statement of Profit and Loss':

Particulars	Note No.	2011-12 ₹	2010-11 ₹
Revenue from Operations		20,00,000	12,00,000
Other Income		12,00,000	9,00,000
Expenses		13,00,000	10,00,000



13. From the following 'Statement of Profit and Loss' for the year ended 31st March, 2013, prepare 'Comparative Statement of Profit and Loss of Good Services Ltd.:

Particulars	Note No.	2012-13 ₹	2011-12 ₹
Revenue from Operations		20,00,000	15,00,000
Other Incomes		10,00,000	4,00,000
Expenses		21,00,000	15,00,000

Rate of Income Tax was 50%.

14. Following information was extracted from the Statement of Profit and Loss for the years ended 31st March, 2012 and 2013. Prepare Comparative Statement of Profit and Loss:

Particulars	31.3.2013 (₹)	31.3.2012 (₹)
Revenue from Operations	10,00,000	8,00,000
Employees Benefit Expenses	5,00,000	4,00,000
Other Expenses	50,000	1,00,000
Tax Rate	50%	50%

15. From the following information, prepare a Comparative Statement of Profit and Loss:

Particulars	31st March, 2017	31st March, 2016
Revenue from Operations	₹ 24,00,000	₹ 18,00,000
Other Incomes (% of Revenue from Operations)	15%	25%
Expenses (% of Revenue from Operations)	60%	50%
Tax Rate	40%	40%

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16. From the following Statement of Profit and Loss, prepare Common-size Statement of Profit and Loss of Jayant Ltd. For the year ended 31st March, 2016:

Particulars	Note No.	₹
<b>Income</b>		
Revenue from Operations		25,38,000
Other Income		38,000
Total Revenue		25,76,000
<b>Expenses</b>		
Cost of Materials Consumed		14,00,000
Other Expenses		5,00,000
Total Expenses		19,00,000
Tax		3,38,000

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17. From the following Statement of Profit and Loss of Sun Ltd., for the years ended 31st March, 2015 and 2016, prepare a Common-size Statement:

Particulars	Note No.	31st March, 2016	31st March, 2015
Revenue from Operations		₹ 30,00,000	₹ 20,00,000
Expenses		₹ 12,00,000	₹ 10,00,000
Other Incomes		₹ 3,60,000	₹ 4,00,000
Income Tax		50%	40%

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18. Prepare a Common-size Balance Sheet of KJ Ltd. From the following information:

Particulars	Note No.	31st March, 2017 (₹)	31st March, 2016 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
1. Shareholders' Funds		8,00,000	4,00,000
2. Non-Current Liabilities		5,00,000	2,00,000
3. Current Liabilities		3,00,000	2,00,000
<b>Total</b>		<b>16,00,000</b>	<b>8,00,000</b>
<b>II. ASSETS</b>			
1. Non-Current Assets		10,00,000	5,00,000
2. Current Assets		6,00,000	3,00,000
<b>Total</b>		<b>16,00,000</b>	<b>8,00,000</b>

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## Accounting Ratios

1. From the following information, calculate any two of the following ratios:

- (a) Debt to Equity Ratio,
- (b) working Capital Turnover Ratio,
- (c) Return on Investment.

Information:

Equity Share Capital Rs. 50,000, General Reserve Rs. 5,000, Statement of Profit and Loss (Profit after Interest and Tax) Rs. 15,000, 9% Debentures Rs. 20,000, Creditors Rs. 15,000, Land and Building Rs. 65,000, Equipments Rs. 15,000, Debtors Rs. 14,500 and Cash Rs. 5,500. Sales for the year ended 31st March, 2011 was Rs. 1,50,000. Tax rate 50%.



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2. O.M. Ltd. Has a Current Ratio of 3.5 : 1 and Quick Ratio of 2 : 1. If the excess of Current Assets over Quick Assets as represented by Stock is Rs. 1,50,000, calculate Current Assets and Current Liabilities.



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3. From the following information, calculate any two of the following ratios:

- (a) Debt to Equity Ratio,
- (b) working Capital Turnover Ratio,
- (c) Return on Investment.

Information:

Equity Share Capital Rs. 50,000, General Reserve Rs. 1,00,000, Statement of Profit and Loss (Profit after Tax and Interest) Rs. 3,00,000, 12% Debentures Rs. 4,00,000, Creditors Rs. 3,00,000, Land and Building Rs. 14,00,000, Furniture Rs. 3,00,000, Debtors Rs. 2,90,000, Cash Rs. 1,10,000.

Revenue from Operation (Net Sales) for the year ended 31st March, 2011 was Rs. 30,00,000 and Tax paid 50%.



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4. X Ltd. Has a Current Ratio of 3 : 1 and Quick Ratio of 2 : 1. If the excess of current assets over quick assets as represented by stock is Rs. 40,000, calculate current assets and current liabilities.



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5. Z Ltd. Has a Current Ratio of 3.5 : 1 and Quick Ratio of 1.5 : 1. If the excess of current assets over quick assets as represented by stock is Rs. 60,000, calculate current assets and current liabilities.



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6. From the following information, calculate any two of the following ratios:

(a) Debt to Equity Ratio,

(b) working Capital Turnover Ratio,

(c) Return on Investment.

Information:

Equity Share Capital Rs. 5,50,000, General Reserve Rs. 50,000, Statement of Profit and Loss (Profit after Tax and Interest) Rs. 1,00,000, 9% Debentures Rs. 2,00,000, current Rs. 1,00,000, Land and Building Rs. 6,50,000, Equipments Rs. 1,50,000, Debtors Rs. 1,45,000, Cash Rs. 55,000. Revenue from Operation (Net Sales) for the year ended 31st March, 2011 was Rs. 15,00,000 and Tax Paid 50%.



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7. Calculate 'Return on Investment' and 'Debt to Equity Ratio' from the following information: Net Profit after

Interest and Tax Rs. 3,00,000

10% Debentures Rs. 5,00,000

Tax Rate 40 %

Capital Employed Rs. 40,00,000



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8. Calculate 'Return on Investment' and 'Debt to Equity Ratio' from the following information:

Net Profit after Interest and Tax Rs. 6,00,000

10% Debentures Rs. 10,00,000

Tax Rate 40%

Capital Employed Rs. 80,00,000



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9. From the following information obtained from the books of Kundan Ltd., calculate the Inventory Turnover Ratio for the years 2015-16 and 2016-17:

Particulars	2015-16 (₹)	2016-17 (₹)
Inventory on 31st March	7,00,000	17,00,000
Revenue from Operations	50,00,000	75,00,000
(Gross profit is 25% on Cost of Revenue from Operations)		

In the year 2015-16, inventory increased by Rs. 2,00,000.



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**10.** Calculate Current Ratio of a company from the following information:

Inventory (Stock) Turnover Ratio: 4 Times

Inventory (Stock) in the beginning was Rs. 20,000 less than Inventory, at the end.

Revenue from Operations (Net Sales) Rs. 6,00,000 Gross Profit Ratio 25%

Current Liabilities Rs. 60,000 Quick Ratio 0.75 : 1



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**11.** A company had a Liquid Ratio of 1.5 and Current Ratio of 2 and Inventory Turnover Ratio 6 Times. It had total Current Assets of Rs. 8,00,000 in the year 2003. Find out Revenue from Operation (Net Sales) if goods are sold at 25% profit on cost.



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**12.** Ratio of current assets (Rs 300000) to current liabilities (Rs 200000) is 1.5:1 .The accountant of the firm is interested inn maintaining a current

ratio of 2:1 by paying of a part of the current liabilities compute amount of the current liabilities that should be paid so that the current ratio at the level of 2:1 may be maintained



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**13.** From the given information, calculate the following:

- (i) Cost of Revenue from Operations
- (ii) Opening and Closing Inventory
- (iii) Quick Assets
- (iv) Current Assets

information:

Inventory Turnover Ratio 6 times, Inventory at the end is Rs. 6,000 more than the inventory in the beginning, Revenue from Operations (all credits) Rs. 2,40,000, Gross profit 25% on cost, Current Liabilities Rs. 80,000, Quick Ratio 0.80 : 1.



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**14.** From the following information calculate Inventory Turnover Ratio:

Revenue from Operation Rs. 16,00,000, Average Inventory Rs. 2,20,000,

Gross Loss Ratio 5%.



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**15.** From the following details, calculate Opening Inventory:

Closing Inventory Rs. 60,000, Total Revenue from Operations Rs. 5,00,000

(including cash revenue from operations Rs. 1,00,000), Total purchases Rs.

3,00,000 (including credit purchases Rs. 60,000). Goods are sold at a

profit of 25% on cost.



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**16. (a)** From the following, calculate 'Trade Receivables Turnover Ratio':

Total Revenue from Operations for the year - Rs. 8,40,000

Cash Revenue from Operations - 40% of Credit Revenue from Operations

Closing Trade Receivables - Rs. 2,00,000

Excess of Closing Trade Receivables over Opening Trade Receivables - Rs.

80,000.

From the following information, calculate 'Interest Coverage Ratio':

Profit after Interest and Tax - Rs. 4,97,000

Rate of Income Tax - 30%

12% Debentures - Rs. 6,00,000.

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17. From the following calculate the 'Gross Profit Ratio' and 'Working Capital Turnover Ratio':

	<i>Rs</i>	
Revenue from Operations	30,00,000	:   cost of Revenue from Operations Current Liabilities
Current Assets	6,00,000	
Paid-up Share Capital	5,00,000	

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18. From the following, calculate:

(a) Operating Profit Ratio, and (b) Working Capital Turnover Ratio.

	Rs		Rs
Revenue from Operations	2,00,000	Gross Profit	75,000
Office Expenses	15,000	Selling Expenses	26,000
Interest on Debentures	5,000	Accidental Losses	12,000
Income from Rent	2,500	Commission Received	2,000
Current Assets	60,000	Current Liabilities	10,000

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19. From the following, calculate:

(a) Current Ratio, and

(b) working Capital Turnover Ratio.

	Rs		Rs
Revenue from Operations	1,50,000	Total Assets	1,00,000
Shareholders' Funds	60,000	Non-current Liabilities	20,000
Non-current Assets	50,000		

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20. From the following information, compute 'Debt to Equity Ratio':

Long-term Borrowings	Rs. 2,00,000	Non-current Assets	Rs. 3,60,000
Long-term Provisions	Rs. 1,00,000	Current Assets	Rs. 90,000
Current Liabilities	Rs. 50,000		

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**21.** From the following information, Compute Debt to Equity Ratio:

Long-term Borrowings Rs. 4,00,000

Long-term Provisions Rs. 2,00,000

Current Liabilities Rs. 1,00,000

Non-current Assets Rs. 7,20,000

Current Assets Rs. 1,80,000



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**22.** From the following information, compute 'Proprietary Ratio':

Long-term Borrowings Rs. 2,00,000

Long-term Provisions Rs. 1,00,000

Current Liabilities Rs. 50,000

Non-current Assets Rs. 3,60,000

Current Assets Rs. 90,000



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**23. (a)** The Debt to Equity Ratio of a company is 1 : 2. State with reason which of the following transactions would (i) increase, (ii) decrease or (iii) not change the ratio:

1. Issued equity shares of Rs. 1,00,000. 2. Obtained a short-term loan from bank Rs. 1,00,000.

**(b).** From the following information compute 'Total Assets to Debt Ratio':

Long-term Borrowings Rs. 3,00,000

Long-term Provisions Rs. 1,50,000

Current Liabilities Rs. 75,000

Non-current Assets Rs. 5,40,000

Current Assets Rs. 1,35,000



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**24.** Opening Inventory (Stock): Rs 60,000, Closing Inventory (Stock): Rs. 1,00,000, Inventory (Stock) Turnover Ratio: 8 Times, Selling Price: 25% above cost. Calculate Gross Profit Ratio.



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**25.** Net Profit after Interest but before Tax: Rs 1,40,000, 15% Long-term Debts: Rs 4,00,000, Shareholders' Funds: Rs. 2,40,000, Tax rate: 50%. Calculate Return on Capital Employed.



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**26.** Assuming that the Debt to Equity Ratio is 2. State giving reasons whether this ratio would increase, decrease or remain unchanged in the following cases (Any four):

(i) Purchase of fixed asset on a credit of 2 months.

Purchase of fixed asset on a long-term deferred payment basis.

(iii) Issue of new shares for cash.

(iv) Issue of Bonus shares.

(v) Sale of fixed asset at a loss of Rs. 3,000.



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**27.** From the following information, calculate any two of the following ratios:

(i) Liquid Ratio, (ii) Gross Profit Ratio, (iii) Debt to Equity Ratio.

information:

Revenue from Operation, Rs. 4,00,000, Opening Inventory Rs. 10,000, Closing Inventory Rs. 3,000 less than Opening Inventory, Net Purchases 80% of Revenue from Operations, Direct Expenses Rs. 20,000, Current Assets Rs. 1,00,000, Prepaid Expenses Rs. 3,000, Current Liabilities Rs. 60,000, 9% Debentures Rs. 4,00,000, Long-term Loan from Bank Rs. 1,50,000, Equity Share Capital Rs. 8,00,000, 8% Preference Share Capital Rs. 3,00,000.



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**28.** On the basis of the following information, calculate:

(i) Debt to Equity Ratio and (ii) Working Capital Turnover Ratio.



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**29.** (a) Compute Trade Receivables (Debtors) Turnover Ratio from the following information: Total Sales Rs. 5,20,000, Cash Sales 60% of the Credit Sales, Closing Debtors Rs. 80,000,

(b) Current Liabilities of a company are Rs. 1,60,000. Its Liquid Ratio is 1.5 : 1 and Current Ratio is 2.5 : 1. Calculate Quick Assets and Current Assets.

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**30.** (a) Compute 'Working Capital Turnover Ratio' from the following information: Cash Sales Rs. 1,30,000, Credit Sales Rs. 3,80,000, Sales Returns Rs. 10,000, Liquid Assets Rs. 1,40,000, Current Liabilities Rs. 1,05,000 and Inventory Rs. 90,000.

(b) Calculate 'Debt to Equity Ratio' from the following information:

Total Assets Rs. 3,50,000, Total Debt Rs. 2,50,000 and Current Liabilities Rs. 80,000.

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**31.** From the following information related to Naveen Ltd., calculate (a) Return on Investment and (b) Total Assets to Debt Ratio.

information: Fixed Assets Rs. 75,00,000, Current Assets Rs. 40,00,000, Current Liabilities Rs. 27,00,000, 12% Debentures Rs. 80,00,000 and Net Profit before Interest, Tax and Dividend Rs. 14,50,000.



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**32.** (a) A company earns Gross Profit of 25% on cost. For the year ended 31st March, 2017 its Gross Profit was Rs. 5,00,000, Equity Share Capital of the company was Rs. 10,00,000, Reserves and Surplus Rs. 2,00,000, Long-term Loan Rs. 3,00,000 and Non-current Assets were Rs. 10,00,000.

Compute the 'Working Capital Turnover Ratio' of the company.

(b) Y Ltd.'s profit after interest and tax was Rs. 1,00,000. Its Current Assets were Rs. 4,00,000, Current Liabilities Rs. 2,00,000, Fixed Assets Rs. 6,00,000 and 10% Long-term Debt Rs. 4,00,000. The rate of tax was 20%.

Calculate 'Return on Investment' of Y Ltd.



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**33.** With the help of the following information, calculate Return on Investment: Net profit after interest and tax Rs. 8,00,000, 10% Debentures Rs. 9,00,000, Tax @ 50% , Capital Employed Rs. 2,00,000.

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**34.** From the following information, calculate Total Assets to Debt Ratio:

	Rs	
Capital Employed	40,00,000	Equity Share Capital
Investment	2,40,000	8% Debentures
Plant	7,00,000	Capital Reserve
Trade Receivables	4,00,000	Surplus, i.e., Balance in
Cash and Cash Equivalents	3,60,000	Statement of Profit and Loss

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**35.** Vineet was the Managing Director of Lalit Plastics Ltd. For the last six years the company had been consistently earning good profits. Vineet followed democratic style of leadership. He believed in giving respect to

his subordinates by agreeing to their good suggestions. The company also opened a school for girls in the locality and also contributed towards the cleanliness of the locality. Following is the 'Comparative Statement of Profit and Loss' of Lalit Plastics Ltd. for the year ended 31st March, 2014:



- (i) Calculate Net Profit Ratio for the years ending 31st March, 2013 and 2014.
- (ii) Identify any two values which are being communicated to the society in the above case.



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**36.** Nishit was the Managing Director of 'Lalita Electronics Ltd'. He had been earning good revenues and profits for the company. He believed in giving respect to his subordinates as his moral responsibility. He was the one who recognised the need to find ecofriendly ways to treat waste. Following is the Comparative Statement of Profit and Loss of 'Lalita Electronics Ltd'. for the years ended 31st March, 2013 and 2014:



(a) Calculate Net Profit Ratio for the years ending 31st March, 2013 and 2014.

(b) Identify any two values which are being communicated to the society in the above case.



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**37.** (a) Net profit after interest and tax Rs. 1,00,000, Current assets Rs. 4,00,000, Current liabilities Rs. 2,00,000, Tax rate 20%, Fixed assets Rs. 6,00,000, 10% Long-term debt Rs 4,00,000. Calculate Return on Investment.

(b) Rate of Gross profit on cost of a company is 25%. Its Gross Profit is Rs. 5,00,000. Its Shareholders' Funds are Rs. 12,00,000, Current liabilities are Rs. 3,00,000 and Current Assets are Rs. 10,00,000.

Calculate its Working Capital Turnover Ratio.



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38. (a) The net profit after interest and tax of a company was Rs. 1,20,000, Rate of income tax is 40%. The company has 10% Debentures of Rs. 1,00,000. Calculate Interest Coverage Ratio.

(b) From the following information related to a company, calculate Interest Coverage Ratio: Opening inventory Rs. 20,00,000, Closing inventory Rs. 22,000, Purchases Rs. 80,000, Wages Rs. 9,000, Carriage outwards Rs. 2,000, Returns outward Rs. 1,000, Revenue from Operations Rs. 80,000, Carriage inwards Rs. 4,000, Rent Rs. 5,000.



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## Cash Flow Statement

1. Calculate 'Cash Flows from Operating Activities' from the following information:



Additional information:

(i) Plant costing Rs. 60,000 having book value of Rs. 36,000 was sold for

Rs. 40,000 during the year.

(ii) Income tax paid during the year was Rs. 30,000.

(iii) Dividend paid during the year was Rs. 18,000.



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2. Following balances appeared in Machinery Account and Accumulated Depreciation Account in the books of Jai Bharat Ltd.:



Additional Information: Machinery costing Rs. 2,65,000 on which accumulated depreciation was Rs. 1,00,000, sold for Rs. 75,000. You are required to:

(i) Compute amount of machinery purchase, depreciation charged for the year and loss on sale of machinery.

How shall each of the items related to machinery be shown in Cash Flow Statement?



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3. Calculate Cash Flows from Investing Activities from the following information:



Additional Information:

A machine costing Rs. 40,000 (depreciation provided thereon Rs. 12,000) was sold for Rs. 35,000. Depreciation charged during the year was Rs. 60,000.



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4. Calculate Cash Flows from Investing Activities from the following information:



Additional Information:

A machine costing Rs. 35,000 (Depreciation provided thereon Rs. 15,000) was sold for Rs. 35,000. Depreciation charged during the year was Rs. 45,000.



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5. Calculate Cash Flows from Investing Activities from the following information:



Additional Information:

- (i) 9% dividend was received from Miko Ltd.
- (ii) A machine costing Rs. 50,000 (depreciation provided thereon Rs. 15,000) was sold for Rs. 40,000. Depreciation charged during the year was Rs. 55,000.



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6. Calculate Cash Flows from Investing Activities from the following information:



Additional Information:

- (i) 10% dividend was received from Delko Ltd.
- (ii) A machine costing Rs. 70,000 (Depreciation provided thereon Rs.

10,000) was sold for Rs. 60,000. Depreciation charged during the year was Rs. 50,000.

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7. From the following extracts taken from the Balance Sheets of M/s. Khanduja Ltd., on 31st March and the additional information provided, you are required to calculate: (i) Cash Flow from Operating Activities. (ii) Cash Flow from Financing Activities.



Additional Information:

Preference Shares were redeemed on 31st March, 2005 at a premium of 5%. Dividend on Equity Shares was paid @ 8%. Fresh issue of Equity Shares was done on 1st April, 2004.

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8. From the following information, calculate Cash Flow from Operating Activities:



(i) A piece of machinery costing Rs. 50,000 on which depreciation of Rs. 20,000 had been charged was sold for Rs. 10,000. Depreciation charged during the year was Rs. 18,000.

(ii) Income Tax Rs. 23,000 was paid during the year.

(iii) Dividend paid during the year was Rs. 36,000.



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**9.** From the following Balance Sheets of Vijaya Ltd. As at 31st March, 2013, prepare Cash Flow Statement:



Additional Information:

1. Depreciation on Fixed Assets for the year 2012-2013 was Rs. 14,700.

2. An interim dividend Rs. 7,000 has been paid to the shareholders during the year.



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**10.** From the following Balance Sheet of Vijaya Ltd. As at 31st March, 2013,  
prepare Cash Flow Statement:



Note to Accounts



Additional Information:

1. Depreciation charged on fixed assets for the year 2012-2013 was Rs. 20,000.
2. Income Tax Rs. 5,000 has been paid in advance during the year.



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**11.** From the following Balance Sheet of L.M.R. Ltd. As at 31st March, 2018,  
prepare Cash Flow Statement:



Notes to Accounts



Additional Information:

1. Proposed dividend for the year ended 31st March, 2017 was Rs. 35,000 and for the year ended 31st March, 2018, it was Rs. 70,000.
2. During the year equipment costing Rs. 50,000 was purchased Loss on Sale of Equipment amounted to Rs. 6,000. Rs. 9,000 depreciation was charged on equipment.



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**12.** From the following Balance Sheet of JY Ltd. As at 31st March 2017, prepare a Cash Flow Statement:



Notes to Accounts



Note: Proposed Dividend for the years ended 31st March, 2016 and 2017 are Rs. 50,000 and Rs. 75,000 respectively. Additional Information: Rs. 1,00,000, 10% Debentures were issued on 31st March, 2017. This question is amended to comply with Accounting Standard 4 (Revised), Contingencies and Events Occurring After the Balance Sheet Date.



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**13.** From the following information, prepare Cash Flow Statement of Balaji Ltd.:



Note to Accounts



Additional Information: (i) Debentures were issued on 1st April, 2012. (ii) During the year machine included in Fixed Assets costing Rs. 1,20,000 was purchased and another machine having Book Value of Rs. 30,000 was sold at a loss of Rs. 2,000.



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**14.** Prepare Cash Flow Statement on the basis of the information given in the Balance Sheets of Simco Ltd. As at 31st March, 2013 and 31st March, 2012:



## Note to Accounts



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**15.** Following are the Balance Sheets of Krishna Ltd. As on 31st March, 2014 and 2013:



Prepare Cash Flow Statement after taking into account the following adjustment:

Tax paid during the year amounted to Rs. 70,000.



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**16.** Prepare Cash Flow Statement from the following Balance Sheet:



Note to Accounts





Additional Information: (i) An old machinery having book value of Rs. 42,000 was sold for Rs. 56,000. (ii) Depreciation provided on machinery during the year was Rs. 28,000.



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17. Following is the Balance Sheet of Solar Power Ltd. As at 31st March, 2014:



Additional Information: During the year, a piece of machinery costing Rs. 48,000 on which accumulated depreciation was Rs. 32,000, was sold for Rs. 12,000.

Prepare Cash Flow Statement.



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18. Following was the Balance Sheet of Sreshtha Ltd. As on 31st March, 2014:



## Notes to Accounts



Prepare a Cash Flow Statement after taking into account the following adjustment: During the year, a piece of machinery costing Rs. 30,000 on which accumulated depreciation was Rs. 6,000, was sold for Rs. 20,000.



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19. Following is the Balance Sheet of Sreshtha Ltd. As on 31st March, 2014:



## Notes to Accounts



Prepare a Cash Flow Statement after taking into account the following adjustment: During the year, a piece of machinery costing Rs. 40,000 on which accumulated depreciation was Rs. 30,000, was sold for Rs. 9,000.



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20. Following is the Balance Sheet of Mevanca Limited as at 31st March, 2017:



Notes to Accounts



Additional Information:

- (i) Additional loan was taken on 1st July, 2016.
- (ii) Tax of Rs. 53,000 was paid during the year.

Prepare Cash Flow Statement.



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