**CUET (UG)**

**Accountancy Sample Paper - 4**

**Solved**

**Time Allowed: 45 minutes** **Maximum Marks: 200**

**General Instructions:**

1. The test is of 45 Minutes duration.
2. The test contains 50 questions out of which 40 questions need to be attempted.
3. Marking Scheme of the test:

a. Correct answer or the most appropriate answer: Five marks (+5).

b. Any incorrectly marked option will be given minus one mark (-1).

c. Unanswered/Marked for Review will be given zero mark (0).

**Attempt any 40 questions**

1. Rita and Usha were partners in a firm sharing profits and losses in the ratio of 3 : 5. During the year Usha withdrew ₹ 15,000 at the end of each month. Interest on drawings is to be charged @ 8% p.a. The average period for the calculation of interest on drawings will be: **[5]**

a) $4\frac{1}{2}$ months

b) $6\frac{1}{2}$ months

c) 6 months

d) $5\frac{1}{2}$ months

2. Which of the following is a charge against profit? **[5]**

a) Partners' Salary

b) Interest on Partners' Capital

c) Interest on Partners' Loan

d) Interest on Partners' Drawings

3. What should be the minimum number of persons to form a Partnership: **[5]**

a) 2

b) 10

c) 7

d) 20

4. If a firm gives guarantee to partner and in same way partner give guarantee to firm. So, these are two guarantees in same year. This guarantee, given by firm to partner and partner to firm is called: **[5]**

a) simultaneous guarantee

b) guarantee by firm

c) guarantee by partner

d) guarantee by one partner

5. Assets are revalued and liabilities are reassessed at the time of change in profit-sharing ratio so that **[5]**

a) Both assets and liabilities are shown at their present value. and gaining partner is not put to an advantage and sacrificing partner is not put to disadvantage and vice versa.

b) assets and liabilities are shown at their present value.

c) assets and liabilities are shown at their market values.

d) gaining partner is not put to an advantage and sacrificing partner is not put to disadvantage and vice versa.

6. A and B were partners in a firm sharing profits or losses in the ratio of 3 : 1. With effect from 1$^{st}$ January, 2023, they agreed to share profits in the ratio of 2 : 1 . Due to change in profit sharing ratio, B's gain or sacrifice will be: **[5]**

a) Gain $\frac{2}{60}$

b) Sacrifice $\frac{1}{12}$

c) . Gain $\frac{1}{12}$

d) Sacrifice $\frac{3}{60}$

7. A, B and C were partners sharing profits and losses in the ratio of 7 : 3 : 2. From 1st January, 2023 they decided to share profits and losses in the ratio of 8 : 4 : 3. Goodwill is valued at ₹ 3,00,000 and General Reserve appeared in their books at ₹ 60,000 which they do not want to distribute. In Adjustment entry: **[5]**

a) Cr. A by ₹ 18,000; Dr. B by ₹ 12,000; Dr. C by ₹ 6,000

b) Cr. A by ₹ 18,000; Dr. B by ₹ 6,000; Dr. C by ₹ 12,000

c) Dr. A by ₹ 18,000; Cr. B by ₹ 6,000; Cr. C by ₹ 12,000

d) Dr. A by ₹ 18,000; Cr. B by ₹ 12,000; Cr. C by ₹ 6,000

8. A, B and C are equal partners in the firm. It is now agreed that they will share the future profits in the ratio 5 : 3 : 2. Sacrificing ratio and gaining ratio of different partners will be: **[5]**

a) A Sacrifice $\frac{5}{30}$; B Gain $\frac{1}{30}$; C Gain $\frac{4}{30}$

b) A Gain $\frac{5}{30}$; B Sacrifice $\frac{4}{30}$; C Sacrifice $\frac{1}{30}$

c) A Sacrifice $\frac{5}{30}$; B Gain $\frac{4}{30}$; C Gain $\frac{1}{30}$

d) A Gain $\frac{5}{30}$; B Sacrifice $\frac{1}{30}$; C Sacrifice $\frac{4}{30}$

9. A and B were partners in a firm sharing profit or loss in the ratio of 3 : 5. With effect from 1st April, 2023, they agreed to share profits or losses equally. Due to change in profit sharing ratio, A's gain or sacrifice will be: **[5]**

a) Gain $\frac{1}{8}$

b) Gain $\frac{3}{8}$

c) Sacrifice $\frac{3}{8}$

d) Sacrifice $\frac{1}{8}$

10. Puneet and Deepak were in partnership sharing profits and losses in the ratio of 2 : 1. They admitted Manya as a new partner. Manya brought ₹ 1,00,000 as her share of goodwill premium, which was entirely credited to Puneet's capital account. On the date of admission, goodwill of the firm was valued at ₹ 3,00,000. **[5]**
New profit sharing ratio of Puneet, Deepak and Manya:

a) 2 : 2 : 1

b) 1 : 1 : 1

c) 3 : 2 : 1

d) 2 : 1 : 1

11. Karan and Laxman are partners in a firm sharing profits in the ratio of 3 : 2. Bharat was admitted as a new partner for $\frac{1}{5}$th share of profits. On Bharat's admission it was decided that machinery would be appreciated by 10% (Book value ₹ 80,000) and Building would be depreciated by 20% (Book value ₹ 2,00,000). Unrecorded Debtors of ₹ 1,250 would be brought to books. There was a liability of ₹ 2,750 included in Sundry Creditors that is not to be paid. What will be the gain/loss on Revaluation? **[5]**

a) Loss ₹ 28,000

b) Loss ₹ 40,000

c) Profit ₹ 40,000

d) Profit ₹ 28,000

12. Goodwill brought by the incoming partner is distributed among the old partners in their **[5]**

a) Gaining ratio

b) New profit-sharing ratio

c) Old profit-sharing ratio

d) Sacrificing ratio

13. X, Y and Z are partners sharing profits in the ratio of 4:3:2. They admit a new partner M in the partnership firm for $\frac{1}{3}$ share in future profit. What will be the new ratio of all the partners? **[5]**

a) 8 : 6 : 2 : 1

b) 8 : 6 : 5 : 3

c) 8 : 6 : 4 : 2

d) 8 : 6 : 4 : 9

14. P, Q and R share profits in the ratio of 5 : 4 : 3. R retires and the new ratio is 5 : 3. If R is given ₹ 6,000 as goodwill, journal entry will be: **[5]**

a)

| | | | |
|---|---|---|---|
| P's Capital A/c | Dr. | 3,333 | |
| Q's Capital A/c | Dr. | 2,667 | |
| To R's Capital A/c | | | 6,000 |

b)

| | | | |
|---|---|---|---|
| P's Capital A/c | Dr. | 5,000 | |
| Q's Capital A/c | Dr. | 1,000 | |
| To R's Capital A/c | | | 6,000 |

c)

| | | | |
|---|---|---|---|
| P's Capital A/c | Dr. | 1,000 | |
| Q's Capital A/c | Dr. | 5,000 | |
| To R's Capital A/c | | | 6,000 |

d)

| | | | |
|---|---|---|---|
| P's Capital A/c | Dr. | 3,750 | |
| Q's Capital A/c | Dr. | 2,250 | |
| To R's Capital A/c | | | 6,000 |

15. A, B and C are equal partners. C retires. He surrenders $\frac{3}{5}$th of his share in favour of A and $\frac{2}{5}$th in favour of B. New ratio will be: **[5]**

a) 8 : 7 b) 3 : 2

c) 2 : 3 d) 7 : 8

16. Remaining partners after a partner retires contribute to retiring partner in **[5]**

a) New ratio of continuing partners b) Both Sacrificing ratio and New ratio of continuing partners

c) Sacrificing ratio d) Gaining Ratio

17. Realisation Account is a: **[5]**

a) Real Account b) P/L Adjustment A/c

c) Personal Account d) Nominal Account

18. At the time of Dissolution of a partnership firm, if the Realization expenses are supposed to be borne by a partner **A** but are paid by another partner **B** Which of the following entries will be passed? **[5]**

a) Realization A/c Dr.
To A’s Capital A/c

b) Realization A/c Dr.
To B’s Capital A/c

c) A’s Capital A/c Dr.
To B’s Capital A/c

d) B’s Capital A/c Dr.
To Bank A/c

19. Which of the following account is not prepared at the time of dissolution? **[5]**

a) Cash Account b) Partners Capital Account

c) Realisation Account

d) Revaluation Account

20. ________ is prepared at the time of dissolution. **[5]**

a) Revaluation Account

b) Profit and Loss Appropriation Account

c) Profit & Loss Account

d) Realisation Account

21. X Ltd. issued 75,000 equity shares of ₹ 10 each at a premium of 40%. The whole amount was payable on application. Applications for 1,20,000 shares were received. Amount refunded by the company will be: **[5]**

a) 10,50,000

b) 6,30,000

c) 4,50,000

d) 16,80,000

22. A company purchased machinery for ₹ 1,80,000 and in consideration issued shares at 20% premium. What will be the face value of shares issued: **[5]**

a) ₹ 2,16,000

b) ₹ 1,44,000

c) ₹ 1,80,000

d) ₹ 1,50,000

23. Preference shares, in case the holders of these have a right to convert their preference shares into equity shares at their option according to the terms of issue, such shares are called: **[5]**

a) Convertible Preference Shares

b) Cumulative Preference Shares

c) Non-convertible Preference Shares

d) Non-cumulative Preference Shares

24. **A** Limited purchased the assets from **B** Limited for ₹ 8,10,000. **A** Limited issued 10% debentures of ₹ 100 each at 10% discount against the payment. The number of debentures received by **B** Limited will be: **[5]**

a) 9,000

b) 8,100

c) 90,000

d) 81,000

25. Y Limited acquired assets of ₹100 Lakhs and took over liabilities of ₹40,00,000 from Sita Enterprises. Y Limited issued 8% Debenture of ₹100 each at a premium of 25% as purchase consideration. Calculate the number of debentures issued by the company. **[5]**

a) 60,000

b) 48,000

c) 40,000

d) 45,000

26. What journal entry will be passed when purchase consideration is equal to net assets while purchasing business from vendor: **[5]**

a)

| | |
|---|---|
| Sundry Assets A/c | Dr. |
| To Sundry Liabilities A/c | |
| To Vendor's A/c | |

b)

| | |
|---|---|
| Capital Reserve A/c | Dr. |
| To Vendor's A/c | |

c)

| | |
|---|---|
| Sundry Assets A/c | Dr. |
| Goodwill A/c | Dr. |
| To Vendor's A/c | |

d)

| | |
|---|---|
| Sundry Assets A/c | Dr. |
| To Capital Reserve A/c | |
| To Vendor's A/c | |

27. Salaries and wages are shown under : **[5]**

a) Finance Cost

b) Employee benefit expense

c) Other Expenses

d) Cost of material consumed

28. Identify the item which is not a part of shareholders' funds? **[5]**

a) Money Received against Share Warrants

b) Share Capital

c) Share Application Money Pending Allotment

d) Reserve and Surplus

29. ________ appear in a company's balance sheet under the sub-head short-term provision. **[5]**

a) Provision for Tax

b) Interest accrued but not due on borrowings

c) Calls in Advance

d) Unpaid Dividend

30. Shares on which the company has called the entire nominal value but has not received final call of ₹ 2 on 500 shares, the shares on which the final call is not received are shown in the Note to Accounts on Share Capital under Subscribed Capital as: **[5]**

a) Subscribed and fully paid-up

b) Issued capital

c) Subscribed but not fully paid-up

d) Authorised capital

31. Consider the following statements given below: **[5]**

i. In Common-size Balance Sheet, each item is converted into the percentage of share capital.

ii. In Common-size Statement of Profit and Loss, each item is converted into the percentage of total expenses.

iii. In Comparative Statement of Profit and Loss, absolute and percentage change in the items during two periods of time are calculated.

Choose the correct option:

a) Only (iii) is correct

b) Only (ii) is correct

c) All are correct

d) Only (i) is correct

32. Which one of the following items is not a tool used for financial analysis? **[5]**

a) Comparative Statement

b) Ratio Analysis

c) Statement of Dividend Distribution

d) Common Size Statements

33. Retained earnings for the **base year** equals 100.0 percent. You must be looking at **[5]**

a) an indexed balance sheet.

b) a common-size income statement.

c) an indexed income statement.

d) a common-size balance sheet.

34. A Ltd., engaged in the business of retailing of two wheelers, invested ₹ 50,00,000 in the shares of a manufacturing company. Dividend received on this investment will be: **[5]**

a) Cash Flow from Investing Activities

b) Cash Flow from Operating Activities

c) Cash Flow from Financing Activities

d) Cash Equivalent

35. If a machine whose original cost is ₹ 40,000 having accumulated depreciation ₹ 12,000, were sold for ₹ 34,000 then while preparing Cash Flow Statement its effect on cash flow will be: **[5]**

a) Cash flow from investing activities ₹ 34,000

b) Cash flow from financing activities ₹ 34,000

c) Cash flow from investing activities ₹ 6,000

d) Cash flow from financing activities ₹ 6,000

36. An example of Cash Flows from Investing Activity is: **[5]**

a) Payment of cash for purchase of fixed assets

b) Cash Revenue from Operations

c) Commission Received

d) Dividend paid

37. Interest paid by an investment company will come under which kind of activity while preparing cash flow statement? **[5]**

a) Cash Flow from Financing Activities

b) Cash Flow from Operating Activities

c) No Cash Flow

d) Cash Flow from Investing Activities

38. On 1st April, 2018, Maitreyi Club had a Prize Fund of ₹ 8,00,000. It incurred expenses on prizes amounting to ₹ 8,70,000 during the year. The balance of Prize Fund in the Balance Sheet as at 31st March, 2019 will be: **[5]**

a) ₹ 70,000

b) (₹ 70,000)

c) Zero

d) ₹ 8,00,000

39. The amount received from the sale of grass of a club should be treated as **[5]**

a) None

b) Asset

c) Liability

d) Income

40. The capital of a non-profit organization is generally known as **[5]**

a) Equity

b) Cash fund

c) Financial reserve

d) Accumulated fund

41. General donation is credited to **[5]**

a) Balance sheet

b) Income and expenditure account

c) Trading account

d) Receipt and payment account

42. X and Y are partners. They have calculated goodwill of the firm on the admission of a new partner Z. Goodwill calculated by using Super Profit method = 4,60,000; Average Profit = 3,50,000; Capital employed = 10,00,000; Number of years purchased = 2 years. Normal rate of return was: **[5]**

a) 12%

b) 10%

c) 15%

d) 11%

43. Find out the profit for the year 2016-17 from the following information: **[5]**

| Year | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---|---|---|---|---|
| Profit/Loss | ? | 50,000 | 30,000 | Loss 20,000 | 50,000 |

Firm had calculated goodwill due to change in profit sharing ratio among the partners at 2.5 years purchase of average profit of last five years. Goodwill was valued at ₹ 75,000. Profit for the year 2016-17 was:

a) 35,000 b) 42,000

c) 38,000 d) 40,000

44. X Ltd. wants to redeem 5,000, 5% Debentures of ₹100 each at a 5% premium. How much amount it must transfer to Debenture Redemption Reserve if it has already a balance of ₹1,00,000 in the Debenture Redemption Reserve Account? **[5]**

a) ₹ 2,50,000 b) ₹ 4,00,000

c) ₹ 25,000 d) ₹ 2,00,000

45. Debentures can be redeemed out of: **[5]**

a) Profit b) All of these

c) Capital d) Provision

46. **[5]**

| **Particulars** | | **₹** |
|---|---|---|
| Cash at Bank | | 35,000 |
| 10% Investments (interest is accrued for 3 months) | | 40,000 |
| Trade Receivables | 1,00,000 | |
| Less: Provision for Doubtful Debts | 4,000 | 96,000 |
| Advance Tax | | 8,000 |
| Computers | | 20,000 |
| Inventory | | 80,000 |
| Current Liabilities | | 1,00,000 |

Current Ratio will be:

a) 2.2 : 1 b) 2.6 : 1

c) 2.24 : 1 d) 2.4 : 1

47. On the basis of following data, a Company's Gross Profit Ratio will be: Net Profit ₹ 40,000; Office Expenses ₹ 20,000; Selling Expenses ₹ 36,000; Total Revenue from Operations ₹ 6,00,000. **[5]**

a) 12.5% b) 6.67%

c) 16% d) 20%

48. Debt equity ratio = 2 : 1; Total asset to debt ratio = 2 : 1; Total asset = 4,00,000 **[5]**
Shareholders fund will be:-

| | |
|---|---|
| a) 8,00,000 | b) 4,00,000 |
| c) 2,00,000 | d) 1,00,000 |

49. Which of the following is **not** a subhead under the Current Assets? **[5]**

| | |
|---|---|
| a) Inventories | b) Trademarks |
| c) Cash and Cash Equivalents | d) Short-term Loans and Advances |

50. Horizontal Analysis is: **[5]**

| | |
|---|---|
| a) Cross Section Analysis | b) Profitability Analysis |
| c) Time Series Analysis | d) None of these |

# Solutions

1.
   **(d)** $5\frac{1}{2}$ months
   **Explanation:** Average Period = $\frac{\text{Time left after first Drawing + Time left after last Drawings}}{2}$
   $= \frac{11+0}{2}$
   $= 5\frac{1}{2}$ months
2.
   **(c)** Interest on Partners' Loan
   **Explanation:** Interest on Partners' Loan
3. **(a)** 2
   **Explanation:** 2
4. **(a)** simultaneous guarantee
   **Explanation:** simultaneous guarantee
5.
   **(d)** gaining partner is not put to an advantage and sacrificing partner is not put to disadvantage and vice versa.
   **Explanation:** as increase decrease in value of assets and liabilities should be considered in old ratio.
6.
   **(c)** . Gain $\frac{1}{12}$
   **Explanation:** Sacrificing Ratio = Old Share - New Share
   A = $\frac{3}{4}$ - $\frac{2}{3}$ = $\frac{9-8}{12} = \frac{1}{12}$ Sacrifice
   B = $\frac{1}{4}$ - $\frac{1}{3}$ = $\frac{3-4}{12} = \left(\frac{1}{12}\right)$ Gain
7.
   **(b)** Cr. A by ₹ 18,000; Dr. B by ₹ 6,000; Dr. C by ₹ 12,000
   **Explanation:**

| | ₹ |
|---|---|
| Value of Goodwill | 3,00,000 |
| General Reserve | 60,000 |
| Total amount to be adjusted | 3,60,000 |

Old Ratio = 7 : 3 : 2
New Ratio = 8 : 4 : 3
Sacrifice or Gain:
A = $\frac{7}{12} - \frac{8}{15} = \frac{35-32}{60} = \frac{3}{60}$ (Sacrifice); 3,60,000 × $\frac{3}{60}$ = ₹ 18,000 (Cr.)
B = $\frac{3}{12} - \frac{4}{15} = \frac{15-16}{60} = \frac{1}{60}$ (Gain); 3,60,000 × $\frac{1}{60}$ = ₹ 6,000 (Dr.)
C = $\frac{2}{12} - \frac{3}{15} = \frac{10-12}{60} = \frac{2}{60}$ (Gain); 3,60,000 × $\frac{2}{60}$ = ₹ 12,000 (Dr.)

8.

**(d)** A Gain $\frac{5}{30}$; B Sacrifice $\frac{1}{30}$; C Sacrifice $\frac{4}{30}$

**Explanation:** A Gain $\frac{5}{30}$; B Sacrifice $\frac{1}{30}$; C Sacrifice $\frac{4}{30}$

A :- $\frac{1}{3}-\frac{5}{10}=\frac{10-15}{30}=\frac{(-5)}{36}$ gain

B :- $\frac{1}{3}-\frac{3}{10}=\frac{10-9}{30}=\frac{1}{30}$

C :- $\frac{1}{3}-\frac{2}{10}=\frac{10-6}{30}=\frac{4}{30}$

9. **(a)** Gain $\frac{1}{8}$

**Explanation:** Gain $\frac{1}{8}$

Sacrificing ratio = Old ratio - New ratio

A's share :- $\frac{3}{8}-\frac{1}{2}=\frac{3-4}{8}=\frac{(-1)}{8} gain$

10.

**(b)** 1 : 1 : 1

**Explanation:** Puneet = 2/3 - 1/3 = 1/3

Deepak = 1/3

Manya = 1/3

1:1:1

11. **(a)** Loss ₹ 28,000

**Explanation:** Loss ₹ 28,000

Loss on revaluation = 40,000 - 8,000 + 1,250 + 2,750

12.

**(d)** Sacrificing ratio

**Explanation:** Sacrificing ratio

13.

**(d)** 8 : 6 : 4 : 9

**Explanation:** Calculation of the new ratio:

Let the profit be = 1

Remaining profit after M’s share = 1 - $\frac{1}{3}=\frac{2}{3}$

X's new share = $\frac{4}{9}\times\frac{2}{3}=\frac{8}{27}$

Y's new share = $\frac{3}{9}\times\frac{2}{3}=\frac{6}{27}$

Z's share of profit = $\frac{2}{9}\times\frac{2}{3}=\frac{4}{27}$

M's new share = $\frac{1}{3}$ or $\frac{9}{27}$

New ratio of X, Y, Z & M will be 8 : 6 : 4 : 9

Now, divide this remaining profit in X, Y and Z to find out the new ratio

14.

**(b)**

| | | | |
|---|---|---|---|
| P's Capital A/c | Dr. | 5,000 | |
| Q's Capital A/c | Dr. | 1,000 | |
| To R's Capital A/c | | | 6,000 |

**Explanation:**

| | | | |
|---|---|---|---|
| P's Capital A/c | Dr. | 5,000 | |
| Q's Capital A/c | Dr. | 1,000 | |
| To R's Capital A/c | | | 6,000 |

Gaining ratio = New ratio - Old ratio 5 : 1

P :- $\frac{5}{8} - \frac{5}{12} = \frac{15-10}{24} = \frac{5}{24}$

Q :- $\frac{3}{8} - \frac{4}{12} = \frac{9-8}{24} = \frac{1}{24}$

15. **(a)** 8 : 7

    **Explanation:** 8 : 7

16. **(d)** Gaining Ratio

    **Explanation:** At the time of retirement or death of a partner, remaining partners compensate retired partner in Gaining Ratio so that retired partner to contribute to future profits.

17. **(d)** Nominal Account

    **Explanation:** Nature of realization account is of Nominal account. All incomes are credited and all losses are debited. And profit or loss on realisation transfer to partners capital / Current account.

18. **(c)** A’s Capital A/c Dr.
    To B’s Capital A/c

    **Explanation:** A’s Capital A/c Dr.
    To B’s Capital A/c

19. **(d)** Revaluation Account

    **Explanation:** The main reason is that the revaluation account is prepared at the time of reconstitution of partnership when the values of assets and liabilities change. in case of dissolution of the business, assets are sold off and liabilities are paid off so revaluation account cannot be made. in case of Dissolution of Partnership firm Realisation A/c is prepared not revaluation A/c.

20. **(d)** Realisation Account

    **Explanation:** Realisation Account

21. **(b)** 6,30,000

    **Explanation:** refund amount = $(1{,}20{,}000 - 75{,}000) \times 14$
    = 6,30,000

22. **(d)** ₹ 1,50,000

    **Explanation:** ₹ 1,50,000

23. **(a)** Convertible Preference Shares
    **Explanation:** Convertible Preference Shares
24. **(a)** 9,000
    **Explanation:** 9,000
25.
    **(b)** 48,000
    **Explanation:** Y Limited has taken an asset of 100 lakhs and liabilities of 4000000.
    So remaining amount = 6000000
    A number of debentures issued = $\frac{6000000}{125}$ = 48,000 Debentures to the Sita Enterprises.
26. **(a)**

| | |
|---|---|
| Sundry Assets A/c | Dr. |
| To Sundry Liabilities A/c | |
| To Vendor's A/c | |

    **Explanation:** When the purchase consideration is equal to net assets while purchasing business from vendor the Asset Account is debited and the Liability Account and Vendor Account are credited.
27.
    **(b)** Employee benefit expense
    **Explanation:** Employee benefit expenses includes various kinds of non wage compensation provided to employees in addition to their normal wages or salaries
28.
    **(c)** Share Application Money Pending Allotment
    **Explanation:** Share Application Money Pending Allotment
29. **(a)** Provision for Tax
    **Explanation:** Provision for Tax
30.
    **(c)** Subscribed but not fully paid-up
    **Explanation:** Shown in Subscribed but not fully paid-up.
31. **(a)** Only (iii) is correct
    **Explanation:** Comparative statement compare financial data at two points of time and help in driving meaningful conclusions regarding the changes in financial position and operating results.
    In Common-size Balance Sheet, each item is converted into the percentage of total assets
    In Common-size Statement of Profit and Loss, each item is converted into the percentage of revenue from operations
32.
    **(c)** Statement of Dividend Distribution
    **Explanation:** Statement of Dividend Distribution
33. **(a)** an indexed balance sheet.
    **Explanation:** an indexed balance sheet.
34. **(a)** Cash Flow from Investing Activities
    **Explanation:** Cash Flow from Investing Activities

35. **(a)** Cash flow from investing activities ₹ 34,000
**Explanation:** Cash flow from investing activities ₹ 34,000
36. **(a)** Payment of cash for purchase of fixed assets
**Explanation:** Payment of cash for purchase of fixed assets
37.
**(b)** Cash Flow from Operating Activities
**Explanation:** Cash Flow from Operating Activities
38.
**(c)** Zero
**Explanation:** Zero
39.
**(d)** Income
**Explanation:** Sale of grass will be revenue for Non-Profit Organisation which is to be shown on the income side of income and expenditure Account of Non-Profit Organisation (NPO) hence it is an income.
40.
**(d)** Accumulated fund
**Explanation:** The capital fund of a non-profit organization (NPO). Money is directed into the accumulated fund when revenues are greater than expenditures. money is directed away from the accumulated fund (withdrawn) when expenditures are greater than revenues. and Capital Fund is a liability.
41.
**(b)** Income and expenditure account
**Explanation:** The general donation has no restriction hence they are to be treated as normal income and credited to income and expenditure account of a non-profit organisation.
42. **(a)** 12%
**Explanation:** super profit = goodwill / no of year purchase
4,60,000 / 2 = 2,30,000
normal profit = average profit (-) super profit
3,50,000 (-) 2,30,000= 1,20,000
normal rate of return = normal profit / capital employed
1,20,000 / 10,00,000
43.
**(d)** 40,000
**Explanation:** average profit = 75,000/2.5 = 30,000
let profit of 2016-17 be x
30,000 = x + 50,000 + 30,000 -20,000 +50,000 = x +1,10,000 /5
x +1,10,000 = 1,50,000
x= 40,000
44.
**(c)** ₹ 25,000
**Explanation:** ₹ 25,000

45.

**(b)** All of these

**Explanation:** All options are correct because debentures can be redeemed out of profit, capital and provision.

46. **(a)** 2.2 : 1

**Explanation:**

| **Current Assets:** | **₹** |
|---|---|
| Cash at Bank | 35,000 |
| Accrued Interest on Investments | 1,000 |
| Trade Receivables | 96,000 |
| Advance Tax | 8,000 |
| Inventory | 80,000 |
| | 2,20,000 |

Current Liabilities: ₹ 1,00,000

Current Ratio = $\frac{2,20,000}{1,00,000}$ = 2.2 : 1

47.

**(c)** 16%

**Explanation:** Gross profit ratio = $\frac{gross\ profit}{Net\ sale} \times 100 = \frac{96,000}{6,00,000} \times 100 = 16\%$

Gross profit = net profit + office expense + selling expense

Gross profit = 40,000 + 20,000 + 36,000 = 96,000

48.

**(d)** 1,00,000

**Explanation:** Debt Equity Ratio = Long term debts / Shareholders' Fund

Long term debts / Shareholders' Fund = 2/1

Long term debts = 2 shareholders' fund

Total Assets to Debt Ratio = Total Assets / Long term Debts = 2 /1

Total Assets = 2 Long term debts

Long term debts = 4,00,000 / 2 = 2,00,000

Shareholders' Fund = 2,00,000 / 2 = 1,00,000

49.

**(b)** Trademarks

**Explanation:** Trademarks are not a heading of Current Assets.

50.

**(c)** Time Series Analysis

**Explanation:** Horizontal analysis is a time series analysis because it shows comparison of financial data for several years.