CUET (UG)

Accountancy Sample Paper - 8

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. In Fluctuating Capital Method, the capital remains ________. **[5]**

a) Maintained
b) Fluctuates from time to time
c) Unchanged
d) Fluctuates only at the start of the year but is fixed at the end

2. Forming a partnership deed is: **[5]**

a) mandatory in writing
b) not mandatory
c) Optional
d) mandatory

3. If any loan or advance is provided by partner then, balance of such Loan Account should be transferred to: **[5]**

a) Partner's Current A/c
b) Partner's Capital A/c
c) B/S Assets side
d) B/S Liability Side

4. When partners capitals are fixed, which of the following is not shown in the debit side of Partners Current Account? **[5]**

a) withdrawal of capital
b) Drawings
c) Interest on drawings
d) Share of loss

5. A and B were partners in a firm sharing profits and losses equally. With effect from 1st April 2023, they agreed to share profits in the ratio of 4 : 3. Due to change in profit sharing ratio A's gain or sacrifice will be: **[5]**

a) Gain - $\frac{4}{7}$

b) Sacrifice - $\frac{1}{14}$

c) Gain - $\frac{1}{14}$

d) Sacrifice - $\frac{3}{7}$

6. A and B are partners in a firm sharing profits in the ratio of 3 : 2. They admit C as a new partner for $\frac{1}{4}$ share. New Ratio of A and B will be 2 : 1. Sacrificing ratio will be: **[5]**

a) 2 : 1

b) 1 : 1

c) 3 : 2

d) 2 : 3

7. What is the meaning of change in the profit-sharing ratio: **[5]**

a) In which all partner including the deceased partner executor partner share future profit and loss

b) Purchase of shares of profit by one partner form another partner

c) In which all partner including the new partner share future profit and loss

d) In which all partner including the retired partner share future profit and loss

8. For calculating the Proportional Amount of Net Effect of Revaluation for Sacrificing Partner is **[5]**

a) Sacrificing Partner = Share Gained × Net Effect of Revaluation

b) Sacrificing Partner = Share Sacrificed × Net Effect of Revaluation

c) Gaining Partner = Share Sacrificed × Net Effect of Revaluation

d) Sacrificing Partner = Share Sacrificed × Gross Effect of Revaluation

9. P and Q are sharing profit and losses equally. With effects from current year they decided to share profits in the ratio of 4:3. Calculate individual partner's gain and Sacrifice. **[5]**

a) P gains $\frac{1}{12}$ share and Q sacrifices $\frac{1}{14}$ share

b) P gains $\frac{1}{14}$ share and Q sacrifices $\frac{1}{14}$ share

c) P gains $\frac{1}{10}$ share and Q sacrifices $\frac{1}{14}$ share

d) P gains $\frac{1}{15}$ share and Q sacrifices $\frac{1}{14}$ share

10. Profit or loss on revaluation is shared among the partners in: **[5]**

a) old profit sharing ratio

b) new profit sharing ratio

c) capital ratio

d) equal ratio

11. A and B are partners sharing profits in the ratio of 3 : 2. They decided to admit C as a new partner with $\frac{1}{4}^{\text{th}}$ share in future profit. The new profit sharing ratio is 5 : 4 : 3. C could not bring his share of goodwill in cash. On the date of admission, firm's goodwill was calculated ₹ 72,000. **[5]**

Capital Accounts of A and B will be credited with:

a) A = 13,200; B = 4,800

b) A = 52,800; B = 19,200

c) A = 10,800; B = 7,200

d) A = 10,000; B = 8,000

12. P, Q and R are partners in a firm. If S is admitted as a new partner: **[5]**

a) Old partnership is reconstituted

b) Old firm and old partnership is dissolved

c) Old Agreement dissolved

d) Old firm is dissovled

13. Match the following: **[5]**

(a) New Profit Share =	(i) New Profit Share + Sacrifice
(b) Old Share =	(ii) Old Profit Share - New Profit Share
(c) Sacrifice =	(iii) New Profit Share - Old Profit Share
(d) Gain =	(iv) Old Profit Share - Sacrifice

a) (a) - (iv), (b) - (iii), (c) - (ii), (d) - (i)

b) (a) - (iv), (b) - (i), (c) - (ii), (d) - (iii)

c) (a) - (iv), (b) - (i), (c) - (iii), (d) - (ii)

d) (a) - (iv), (b) - (ii), (c) - (iii), (d) - (i)

14. Gurpreet, Vishal and Ananya are partners in a firm sharing profits in the ratio of 2 : 3 : 1. Vishal retires and the balance in his capital account after making necessary adjustments on account of reserves, revaluation of assets and re-assessment of liabilities is ₹ 1,20,000. Gurpreet and Ananya agreed to pay him ₹ 1,80,000 in full settlement of his claim. **[5]**

Vishal's share of goodwill of the firm, on his retirement is:

a) ₹ 30,000

b) ₹ 1,20,000

c) ₹ 15,000

d) ₹ 60,000

15. Suhani, Nisha and Amit were partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. Suhani retired from the firm selling her share of profits to Nisha and Amit in the ratio of 2 : 1. The new profit sharing ratio between Nisha and Amit will be: **[5]**

a) 2 : 1

b) 17 : 11

c) 3 : 2

d) 19 : 11

16. On the retirement of Nandan from the firm of Nandan, Laxman and Mehta the Balance Sheet showed a debit balance ₹ 12,000 in the Profit and Loss Account. For calculating the amount payable to Nandan this balance will be transferred: **[5]**

a) to the debit of the Capital Accounts of Nandan, Laxman and Mehta equally

b) to the credit of the Capital Accounts of Laxman and Mehta equally

c) to the debit of the Capital Accounts of Laxman and Mehta equally

d) to the credit of the Capital Accounts of Nandan, Laxman and Mehta equally

17. On dissolution of the firm of Ramesh, Suresh and Naresh, Naresh had agreed to bear all realisation expenses for which he was paid ₹ 14,500. Actual expenses on realisation amounted to ₹ 11,000 which were paid by Naresh. The amount to be credited to Naresh's capital account will be: **[5]**

a) ₹ 14,500

b) ₹ 3,500

c) ₹ 11,000

d) ₹ 25,500

18. There was an Unrecorded asset of ₹ 2,000 which was taken over by a partner at ₹ 1,500. Partner's Capital Account will be debited by ________. **[5]**

a) ₹ 500

b) ₹ 1,500

c) ₹ 3,500

d) ₹ 2,000

19. Change in the existing agreement between the partners is called: **[5]**

a) All of these

b) Dissolution of Firm

c) Dissolution of Business

d) Dissolution of Partnership

20. On dissolution of a partnership firm, furniture appearing in the Balance Sheet was ₹ 2,00,000. 50% of the furniture was taken over by a partner at ₹ 65,000 and balance 50% was sold at 20% less than the book value.
The amount debited to bank account was: **[5]**

a) ₹ 65,000

b) ₹ 80,000

c) ₹ 1,85,000

d) ₹ 1,45,000

21. X Ltd. issued a prospectus inviting applications for 10,000 shares of ₹ 50 each at a premium of ₹ 20 per share, payable as follows: **[5]**
On Application - ₹ 10 (including ₹ 4 premium)
On Allotment - ₹ 20 (including ₹ 5 premium)
On First Call - ₹ 30 (including ₹ 6 premium)
On Second & Final Call - Balance Amount
A shareholder holding 1,000 shares failed to pay the first call and second & final call money and his shares were forfeited after the final call.
In the entry for forfeiture of shares, Share Capital Account will be debited with:

a) ₹ 50,000
b) ₹ 29,000
c) ₹ 11,000
d) ₹ 70,000

22. Karim Ltd. issued 50,000 shares of ₹ 100 each payable ₹ 20 on application (on 1st May 2020); 30 on allotment (on 1st August 2020); ₹ 20 on first call (on 1st November 2020) and the balance on final call (on 1st January 2021). Shankar, a shareholder holding 5,000 shares did not pay the first call on the due date. The second call was made and Shankar paid the first call amount along with the second call. All sums due were received. Total amount received on 1st January was: **[5]**

a) 15,00,000
b) 11,00,000
c) 10,00,000
d) 16,00,000

23. If vendors are issued fully paid shares of ₹ 1,00,000 in consideration of net assets of ₹ 1,20,000 the balance of ₹ 20,000 will be credited to: **[5]**

a) Securities premium account
b) Profit & Loss Account
c) Vendor's Account
d) Goodwill Account

24. Which of the following is not a characteristic of Bearer Debentures? **[5]**

a) Their transfer requires a deed of transfer.
b) They are transferable by mere delivery.
c) The interest on it is paid to the holder irrespective of identity.
d) They are treated as negotiable instruments.

25. When a company purchases some assets and not paying cash instead issues debentures as a payment for the purchase, from the vendors it is known as the issue of: **[5]**

a) Debentures issued for cash
b) Debentures issued for consideration other than cash

c) Debentures issued as collateral security

d) Debenture issued in consideration of asset

26. Issued 4,000, 12% debentures of ₹ 100 each at a premium of 4%, redeemable at a premium of 10%. In such case: **[5]**

a) Premium on Redemption will be credited by ₹ 24,000

b) Loss on Issue will be debited by ₹ 40,000

c) Loss on Issue will be debited by ₹ 24,000

d) Loss on Issue will be debited by ₹ 56,000

27. Dividend earned by a financial company is shown in the Statement of Profit and Loss as: **[5]**

a) Receivables

b) Other Income

c) Receipts

d) Revenue from Operations

28. A company has an operating cycle of eight months. It has accounts receivables amounting to ₹ 1,00,000 out of which ₹ 60,000 have a maturity period of 11 months. How would this information be presented in the balance sheet? **[5]**

a) ₹ 1,00,000 as current assets.

b) ₹ 1,00,000 as non-current assets.

c) ₹ 60,000 as current assets and ₹ 40,000 as non-current assets.

d) ₹ 40,000 as current assets and ₹ 60,000 as non-current assets.

29. While preparing the balance sheet of a company **securities premium** is shown under: **[5]**

a) Long-term Borrowing

b) Current Liability

c) None of these

d) Share Capital

30. What are the importance of financial statement **[5]**

a) information about activities of business affecting the society

b) report on stewarding function

c) all of these

d) Disclosing accounting policies

31. Which of the following is not a tool of financial analysis? **[5]**

a) Comparative Position Statement

b) Statement of Profit and Loss

c) Comparative Income Statement

d) Cash Flow Statement

32. Revenue from Operations is ₹ 60,00,000; other income is 15% of Revenue from Operations. Expenses are 60% of Revenue from Operations and tax rate is 40%. Amount of profit after tax will be **[5]**

a) ₹ 14,40,000
b) ₹ 19,80,000
c) ₹ 13,80,000
d) ₹ 16,56,000

33. Which of the following is the technique of financial statement analysis? **[5]**

a) Trend analysis
b) Common-size statement
c) All of these
d) Comparative statement

34. X Ltd. purchased furniture for ₹ 20,00,000 paying 60% by issue of equity shares of ₹ 10 each and the balance by a cheque. This transaction will result in: **[5]**

a) Cash generated from financing activities ₹ 12,00,000.
b) Cash used in investing activities ₹ 8,00,000.
c) Cash used in investing activities ₹ 20,00,000.
d) Increase in cash and cash equivalents ₹ 8,00,000.

35. Which of the following transactions would result in inflow of cash and cash equivalents: **[5]**

a) Issue of bonus shares ₹ 5,00,000
b) Furniture costing ₹ 80,000 sold for ₹ 75,000
c) Payment to trade payables ₹ 15,000
d) Provided depreciation on fixed assets ₹ 11,000

36. The statement of cash flows clarifies cash flows according to: **[5]**

a) inflows and outflows
b) operating, investing and financing activities
c) operating and non-operating flows
d) investing and non-operating flows

37. GSC Ltd. purchased machinery of ₹ 10,00,000 issuing a cheque of ₹ 2,50,000 and 10% Debentures of ₹ 7,50,000. In the Cash Flow Statement, the transaction will be shown as: **[5]**

i. Outflow under Investing Activity ₹ 10,00,000, inflow under Financing Activity as Receipt for Debentures ₹ 7,50,000.
ii. Outflow under Investing Activity ₹ 2,50,000.
iii. Inflow of ₹ 7,50,000 as Financing Activity.
iv. None of these.

a) only ii

b) i and ii

c) iv and i

d) iii and iv

38. ________ is an amount received by a non-profit organization as per the WILL of a deceased person. **[5]**

a) Annuity

b) Legacy

c) Endowment

d) Prize

39. Which form of financing is allowed for a non-profit organization? **[5]**

a) None of these

b) Sale of equity securities

c) Both debt and sale of equity securities

d) Debt

40. XYZ club has a bar that maintains a separate trading account for its trading activities. Which of the following is the treatment of profit or loss on bar trading activities? **[5]**

a) Profit and loss is credit in income statement

b) Profit and loss to be presented in Receipt and payment account

c) Profit and loss is added to the capital fund

d) Profit and loss to be transferred as income and expenditure A/c

41. Which of the following financial categories are used in a non-governmental not-for-profit organization's statement of financial position? **[5]**

a) Assets, liabilities, and net assets

b) Income, expenses, and unrestricted net assets

c) Changes in unrestricted, temporarily restricted, and permanently restricted net assets

d) Net assets, income, and expenses

42. Capital employed by a partnership firm is ₹ 5,00,000. Its average profit is ₹ 60,000. The normal rate of return is similar type of business is 10%. The amount of super profit is: **[5]**

a) ₹ 56,000

b) ₹ 50,000

c) ₹ 10,000

d) ₹ 6,000

43. Annual profit shown by a business is Rs.20,000. The normal rate of return 10%. Total assets of the business firm Rs.2,40,000 and liabilities Rs.80,000. Value of Goodwill will be: **[5]**

a) Rs.40,000 b) Rs.30,000

c) Rs.20,000 d) No Goodwill of Business

44. Vinod Limited is engaged in a banking business and has to redeem its debentures worth ₹40,000 by paying a lump sum amount to the debenture holders. How much DRR company should create? **[5]**

a) 10,000 b) 40,000

c) No DRR is required d) 20,000

45. Fancy Limited has to redeem its debentures worth ₹ 30,000 by paying a lump sum amount to the debenture holders. How much DRR company should create? **[5]**

a) ₹7,500 b) No DRR is required

c) ₹30,000 d) ₹15,000

46. Credit Revenue from Operations ₹ 5,60,000; Debtors ₹ 70,000; B/R ₹ 10,000. Average Collection Period will be: **[5]**

a) 52 Days b) 46 Days

c) 45 Days d) 53 Days

47. Which of the following is a profitability ratio? **[5]**

a) Quick Ratio b) Proprietary Ratio

c) Return on Investment d) Debt of Equity Ratio

48. Current Ratio of a Company is 2.4 : 1 and its Current Liabilities are ₹ 2,00,000. Subsequently, it sold goods costing ₹ 1,00,000 at a profit of 40%, half of which was on Credit. Current ratio will be: **[5]**

a) 3.1 : 1 b) 2.6 : 1

c) 2.4 : 1 d) 2.5 : 1

49. **[5]**

Capital Employed	25,00,000
Shareholder's Funds	20,00,000
Current Liabilities	4,80,000

Debt Equity Ratio will be:

a) 0.24 : 1 b) 0.25 : 1

c) 0.19 : 1 d) 0.20 : 1

50. Identify the correct statement: **[5]**

i. Main purpose of analyzing the financial statements is to study the trends.
ii. Rent paid is the part of 'Revenue from Operations'.
iii. Income tax is the part of 'Revenue from Operations'.
iv. Provision for tax is shown as other expense in statement of profit and loss.

a) Option (iv) b) Option (iii)

c) Option (i) d) Option (ii)

Solutions

1.
   (b) Fluctuates from time to time
   Explanation: With every transaction relating to I the capital of the partners, the capital keeps on fluctuating, in fluctuating capital account.
2.
   (b) not mandatory
   Explanation: not mandatory
3.
   (d) B/S Liability Side
   Explanation: B/S Liability Side
4. **(a)** withdrawal of capital
   Explanation: withdrawal of capital
5.
   (c) Gain - $\frac{1}{14}$
   Explanation: Sacrificing Ratio = Old Ratio - New Ratio
   A's Sacrifice = $\frac{1}{2}$ - $\frac{4}{7}$ $= -\frac{1}{14}$ (Gain)
6.
   (d) 2 : 3
   Explanation: Calculation of sacrificing ratio of partners:
   Old Ratio = 3:2
   New Ratio of A and B = 2:1
   New Ratio of A, B and C will be = 1 - $\frac{1}{4} = \frac{3}{4}$
   A's new share = $\frac{2}{3} \times \frac{3}{4} = \frac{6}{12}$
   B's new share = $\frac{1}{3} \times \frac{3}{4} = \frac{3}{12}$
   C's Share $\frac{1}{4}$ or $\frac{3}{12}$
   New Ratio 6 : 3: 3 or 2:1:1
   Sacrificing ratio = Old ratio - New Ratio
   Sacrificing ratio of A = $\frac{3}{5}$ - $\frac{2}{4} = \frac{2}{20}$
   Sacrificing ration of B = $\frac{2}{5}$ - $\frac{1}{4} = \frac{3}{20}$
   Sacrificing Ratio will be 2:3
7.
   (b) Purchase of shares of profit by one partner form another partner
   Explanation: Sometimes, the partners of a firm may agree to change their existing profit sharing ratio. As a result of this, some partners will gain in future profits while others will sacrifice. In such a situation, the partner who gains by the change in profit sharing ratio must compensate the partner who has made the sacrifice. In simple words, it is also known as the purchase of shares of profit by one partner form another partner. This is known as a change in profit sharing ratio.

8.
(b) Sacrificing Partner = Share Sacrificed $\times$ Net Effect of Revaluation
Explanation: This is a situation where revaluation profit or loss is not directly distributed by the partners. The net effect of revaluation will be adjusted in their gain or sacrificing ratio by passing an adjustment Entry. Gainer partner will be debited by his gain share in revaluation profit or loss and sacrificing partner will be credited by his sacrificing share in revaluation profit or loss.

9.
(b) P gains $\frac{1}{14}$ share and Q sacrifices $\frac{1}{14}$ share
Explanation: Calculation of gaining or sacrificing share of partners:
Formula: Old Share - New Share
P = $\frac{1}{2}$ - $\frac{4}{7}$ = $\frac{1}{14}$ Gain
Q = $\frac{1}{2}$ - $\frac{3}{7}$ = $\frac{1}{14}$ Sacrifice
P is gaining or Q is sacrificing.

10. **(a)** old profit sharing ratio
Explanation: old profit sharing ratio

11. **(a)** A = 13,200; B = 4,800
Explanation: Sacrifice ratio = old share - new share
A = 3/5 - 5/12 = 11/60
B = 2/5 - 4/12 = 4/60
C’s share in goodwill = 72,000 X 3/12 = 18,000
So 18,000 will be divided in 11:4
A = 13,200; B = 4,800

12. **(a)** Old partnership is reconstituted
Explanation: In Admission of a partner, the old partnership is reconstituted. Old firm is dissolved in case of dissolution of the partnership firm.

13.
(b) (a) - (iv), (b) - (i), (c) - (ii), (d) - (iii)
Explanation: (a) - (iv), (b) - (i), (c) - (ii), (d) - (iii)

14.
(d) ₹ 60,000
Explanation: ₹ 60,000

15. **(a)** 2 : 1
Explanation: losses in the ratio of 3 : 2 : 1. Suhani retired from the firm selling her share of profits to Nisha and Amit in the ratio of 2 : 1.
Nisha's gain = $\frac{3}{6} \times \frac{2}{3} = \frac{6}{18}$
Amit's Gain = $\frac{3}{6} \times \frac{1}{3} = \frac{3}{18}$
Nisha's new share = $\frac{2}{6} + \frac{6}{18} = \frac{12}{18}$
Amit's new share = $\frac{1}{6} + \frac{3}{18} = \frac{6}{18}$
New ratio = 12 : 6 = 2 :1.

16. **(a)** to the debit of the Capital Accounts of Nandan, Laxman and Mehta equally
Explanation: to the debit of the Capital Accounts of Nandan, Laxman and Mehta equally

17. **(a)** ₹ 14,500
Explanation: ₹ 14,500
Only amount received by Naresh are Credited to Naresh's capital A/c.

18.
(b) ₹ 1,500
Explanation: ₹ 1,500

19.
(d) Dissolution of Partnership
Explanation: Dissolution of Partnership

20.
(b) ₹ 80,000
Explanation: ₹ 80,000
Amount debited to bank Account are :-
= 2,00,000 - 1,00,000 (Half furniture taken over by partner)
Remaining furniture = 1,00,000
= 1,00,000 - (1,00,000 $\times \frac{20}{100}$)
= 1,00,000 - 20,000
= 80,000

21. **(a)** ₹ 50,000
Explanation: Share Capital Account will be debited by Called-up amount (excluding premium).
Since all Calls have been made Share Capital Account will be debited by : 1,000 Shares × ₹ 50 = 50,000

22.
(d) 16,00,000
Explanation: Total Amount received on 1st January, 2021
= (50,000× 30) + (5,000 × 20)
= 15,00,000 + 1,00,000
= 16,00,000

23. **(a)** Securities premium account
Explanation: Securities premium account

24. **(a)** Their transfer requires a deed of transfer.
Explanation: Their transfer requires a deed of transfer.

25.
(b) Debentures issued for consideration other than cash
Explanation: When a company purchases some assets and instead of paying cash
issue debentures as a payment for the purchase from the vendors it is known as the issue of debentures for consideration other than cash.
Asset A/c ... Dr.
To vendor A/c
Vendor A/c ... Dr.
To debentures A/c

26.
(b) Loss on Issue will be debited by ₹ 40,000

Explanation: Loss on Issue will be debited by ₹ 40,000
Loss on issue of debenture = $(4{,}000 \times 100) \times 10\%$
Loss on issue of debenture = ₹ 40,000

27.
(d) Revenue from Operations
Explanation: Dividend earned by a financial company is shown in the Statement of Profit and Loss as Revenue from Operations.

28. **(a)** ₹ 1,00,000 as current assets.
Explanation: ₹ 1,00,000 as current assets.

29.
(c) None of these
Explanation: None of these

30.
(b) report on stewarding function
Explanation: report on stewarding function

31.
(b) Statement of Profit and Loss
Explanation: Statement of Profit and Loss is the part of the financial statement used by the tools of financial analysis. Rest all help in financial analysis.

32.
(b) ₹ 19,80,000
Explanation: Amount of profit before tax = $60{,}00{,}000 + (60{,}00{,}000 \times 15\%) - (60{,}00{,}000 \times 60\%)$
$= 69{,}00{,}000 - 36{,}00{,}000$
$= 33{,}00{,}000$
Amount of profit after tax = $33{,}00{,}000 - (33{,}00{,}000 \times 40\%)$
$= 33{,}00{,}000 - 13{,}20{,}000$
$= 19{,}80{,}000$

33.
(c) All of these
Explanation: All of these

34.
(b) Cash used in investing activities ₹ 8,00,000.
Explanation: Cash used in investing activities ₹ 8,00,000. The Payment made by issuing equity shares will result in no cash flow. so will not be part of cash flow statement

35.
(b) Furniture costing ₹ 80,000 sold for ₹ 75,000
Explanation: Furniture costing ₹ 80,000 sold for ₹ 75,000

36.
(b) operating, investing and financing activities
Explanation: cash flow statement divides the flow of cash into operating ,investing and financing activities

37. **(a)** only ii
Explanation: debentures issued against purchase of machinery is non cash transaction

38.

(b) Legacy

Explanation: Legacy is an amount of money or property left to someone under a will of a deceased person. It is a liability for NPO which is to be shown in the balance sheet of NPO.

39.

(d) Debt

Explanation: NPO are allowed to take debt for meeting their capital expenditure. NPO can take Debts for their Requirement.

40.

(d) Profit and loss to be transferred as income and expenditure A/c

Explanation: Any Non-profit organisation (NPO) if have its separate trading activity then they need to know activity-wise profit or loss which is to be transferred to an income and expenditure account of that NPO to make consolidated Accounts. Hence, profit/loss of Trading activity of the club is to be presented in income and expenditure A/c.

41. **(a)** Assets, liabilities, and net assets

Explanation: The statement of financial position for non-governmental not-for-profit organizations includes assets, liabilities, and net assets. "Net assets" is used rather than "retained earnings" by not-for-profits.

42.

(c) ₹ 10,000

Explanation: Normal Profit = 5,00,000 $\times$ 10% = ₹ 50,000

Super Profit = 60,000 - 50,000 = ₹ 10,000

43. **(a)** Rs.40,000

Explanation: Follow these steps to calculate the value of goodwill:

i. Calculation of Capital Employed: Total Assets - Liabilities = 2,40,000 - 80,000 = 1,60,000

ii. Normal Profit = Capital Employed $\times \frac{NRR}{100}$ = 1,60,000 $\times \frac{10}{100}$ = 16,000

iii. Super Profit = Average Profit - Normal Profit = 20,000 - 16,000 = 4,000

iv. Goodwill = $\frac{Super\ profit}{NRR} \times 100 = \frac{4000}{10} \times 100$ = 40,000

44.

(c) No DRR is required

Explanation: As per the Section 71 (4) of the Companies Act, 2013 and Rule 18 (7) of the companies Rules 2014, a banking company is not required to create DRR.

45. **(a)** ₹7,500

Explanation: As per Section 71(4) of the Companies Act, 2013 and Rule 18(7) of the companies Rules 2014 company must create 25% DRR.

DRR = 30,000 $\times$ 25% = ₹7,500

46.

(d) 53 Days

Explanation: Trade receivable turnover ratio = $\frac{net\ credit\ sale}{Average\ Trade\ receivable} = \frac{5,60,000}{80,000}$ = 7 times

Average trade receivable = 70,000 + 10,000 = 80,000

Debt collection period = $\frac{365}{Inventory\ turnover\ ratio}$ = 53 day

47.

(c) Return on Investment

Explanation: Return on Investment

48.

(b) 2.6 : 1

Explanation: Current Assets = ₹ 2,00,000 $\times$ 2.4 = ₹ 4,80,000

After sale of goods costing ₹ 1,00,000 for ₹ 1,40,000

Current Assets = ₹ 4,80,000 + 40,000 = ₹ 5,20,000

Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{5,20,000}{2,00,000}$ = 2.6 : 1

49.

(b) 0.25 : 1

Explanation: Long term Debts = Capital Employed - Shareholders' Fund

= 25,00,000 - 20,00,000 = 5,00,000

Debt Equity Ratio = 5,00,000 / 20,00,000 = 0.25 : 1

50.

(c) Option (i)

Explanation: Option (i)