

NAAHAR PUBLIC SCHOOL CBSE SENIOR SECOUNDARY

MICRO REVISION.-6

SUBJECT: ACCOUNTANCY. DATE:

SUBJECT TEACHER:. DURATION:

CLASS:XII. MARK:30

MULTIPLE CHOICE QUESTIONS:10×1=10

1.Dividend received by other than financial enterprise is shown in the Cash Flow Statement under

- a) Operating Activities
- b) Investing Activities
- c) Financing Activities
- d) General Activities

Ans – b)

2. While calculating operating profit, which will be added to net profit?

- (a) Interest Received
- (b) Profit on Sale of Asset
- (c) Increase in General Reserve
- (d) Refund of Tax

Answer: (c) Increase in General Reserve

3. While calculating cash flow from operating activities, which will be added?

- (a) Increase in Stock
- (b) Increase in Creditors
- (c) Decrease in Bills Payable
- (d) Increase in Debtors

Answer: (b) Increase in Creditors

4. How will you treat payment of 'Interest of Debentures' while preparing a Cash Flow Statement?

- (a) Cash Flow from Operating Activities
- (b) Cash Flow from Investing Activities
- (c) Cash Flow from Financing Activities
- (d) Cash Equivalents

Answer: (c) Cash Flow from Financing Activities

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

- (a) Cash Flow from Operating Activities
- (b) Investing Activities
- (c) Financing Activities
- (d) Cash Equivalent

Answer: (a) Cash Flow from Operating Activities

6. Cash from operation is equal to _____.

- (a) Net Profit + Increase in Current Assets
- (b) Net Profit + Decrease in Current Liabilities
- (c) Operating Profit + Adjustment of Current Assets and Current Liabilities
- (d) All of the above

Answer: (b) Net Profit + Decrease in Current Liabilities

7. Which of the following is included in Cash Flow from Operating Activities?

- (a) Royalties, Fees, Commission
- (b) Purchase of Debentures
- (c) Purchase of Machinery
- (d) Issue of Shares

Answer: (a) Royalties, Fees, Commission

8.10. Equity or Shareholders fund is equal to _____.

- A) Equity share capital + Preference share capital.
- B) Equity share capital + Revenues and Surplus.
- C) Equity share capital + Preference share capital + Revenues and Surplus.
- D) None of the options are correct.

Answer C) Equity share capital + Preference share capital + Revenues and Surplus

9. Debt to equity ratio establishes the relationship between _____.

- A) Long-term debt (external equities) and current assets (internal equities).
- B) Long-term debt (external equities) and equity (internal equities), and long-term debt (external equities) and current assets (internal equities).
- c) Long-term debt (external equities) and equity (internal equities).
- D) None of the options are correct.

Answer C) Long-term debt (external equities) and equity (internal equities).

10. Inventory ratio is a relationship between _____.

- A) Cost of goods purchased and cost of average inventory.
- B) Cost of goods sold and cost of average inventory, and cost of goods purchased and cost of average inventory.
- C) Cost of goods sold and cost of average inventory.
- D) None of the options is correct.

Answer C) Cost of goods sold and cost of average inventory.

II. ANSWER THE FOLLOWING: 5×4=20

11. From the following information, calculate Inventory Turnover Ratio:

Cost of Revenue from Operations (Cost of Goods Sold).	4,50,000
Inventories in the beginning of the year	1,00,000
Inventories at the end of the year	1,25,000

Solution:

Inventory Turnover Ratio= Cost of Revenue from Operations \Average Inventory

4,50,000/ 1,12,500=4 Times.

Average Inventory=Opening Inventory + Closing Inventory\2

Rs 1,00,000+2,25,000/2=Rs.1,12,500

12.Opening Sundry Creditors 80,000; Opening Bills Payable ₹ 3,000; Closing Sundry Creditor ₹1,00,000; Closing Bills Payable ₹17,000; Purchases₹ 14,00,000; Cash Purchases₹ 5,00,000 Purchases Return ₹1,00,000. Calculate Trade Payables Turnover Ratio.

Solution:

Net Credit Purchases Average Trade Payables

Trade Payables Turnover Ratio =Net Credit Purchases Purchases - Cash Purchases - Purchases Return

14,00,000-5,00,000-1,00,000 = 8,00,000.

Average Trade Payables = Opening Creditors and Bills Payable + Closing Creditors and Bills Payable/2

(80,000+ 3,000)+(1,00,000+ 17,000) /2=11,00,000.

13.Calculate Working Capital Turnover Ratio from the following information:

Revenue from Operations 12,00,000; Current Assets 5,00,000; Total Assets 8,00,000; Non-current Liabilities 4,00,000; and Shareholders’ Funds ? 2,00,000.

Solution: Working Capital Turnover Ratio =Revenue from Operation/Working Capital

12,00,000/3,00,000 =4times

Working Capital Current Assets – Current Liabilities

5,00,000 – 2,00,000 =3,00,000.

Current Liabilities =Total Assets – Non-current Liabilities – Shareholders’ Funds

=8,00,000- 4,00,000 -2,00,000= 2,00,000.

14.Calculate cash flow from operating Activities from the following:

I)Profit for theyear before tax and after considering the following items is Rs. 2,50,000

Particulars		
Depreciation on fixed Assets	1,00,000	
Amortisation (intangible)of goodwill	50,000	
Transfer to general reserve	70,000	
Gain (profit) on sale of land	30,000	

ii) FOLLOWING is the position of current assets and current Liabilitie:

Particulars	Closing Balances(Rs)	Opening Balances (Rs)
Trade Receivables’	2,30,000	2,20,000
Trade payables	1,00,000	1,50,,000
Prepaid Expenses	40,000	60,000

Solutions

Particulars	
Net profit before tax	2,50,000
Add:Transfer to general reserve	70,000
Net profit before tax and Extraordinary items:	3,20,000
Add:Non cash Expenses:	
Dep	1,00,000
Amortisation of goodwill	50,000
Less: Non operating income	
Gain on sale of land	30,000
Operating profit before working capital changes:	4,40,000
Less:decreases in current Liabilitie	50,000
Trade payable	
Increase in current Assets	
Trade Recevables	10,000
Add:Decrease in current Assets	
Prepaid Expenses	20,000
Cash flow from operating Activities	4,00,000c

15.Calculate cash flow from operating Activities from the following information:

Particulars	
Net profit After provision for tax and proposed dividend	1,10,000
Provision for tax	50,000
Proposed dividend (last year)Approved by shareholders	50,000
Depreciation	20,000
Loss on sale of plant	10,000
Goodwill Amortised	40,000
Gain on sale of land	40,000
Income tax paid	50,000
Income tax refund	40,000

Ans:

Particulars	
Net profit before tax and Extraordinary items	1,70,000
Add:non cash non opersting items	
Depreciation	20,000

Goodwill Amortised	40,000
Loss on sale of plant	10,000
Less:non operating items	
Gain on sales of land	40,000
Cash generated from operation	
Less:income tax paid	10,000
Cash flow from operating Activities	1,90,000

Wn

Net profit before tax and Extraordinary items 1,10,000

Net profit (After provision for tax and Extraordinary items)

Add: provision for tax 50,000

Proposed dividend of previous year. 50,000

Less: refund of income tax. 40000

1,70,000