

CUET (UG)
Accountancy Sample Paper - 7
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. Which of the following is correct? [5]
 - a) Two firms cannot form a partnership
 - b) Written agreement is required to form a partnership
 - c) Business cannot be carried on by one partner
 - d) Sharing of Profits/losses is not necessary
2. Y and X are partners in a firm and sharing the profit & loss in the ratio of 3 : 2 with a capital of ₹ 5,00,000 and ₹ 3,00,000 respectively. Calculate the amount of profit or loss to be distributed among the partner if partnership deed provides interest on capital @ 10% p.a. and Profit for the year is ₹ 8,000. [5]

Amount to be credited to the partners' capital account:

 - a) X = 4,000 and Y = 4,000
 - b) Loss: X = 45000 and Y = 27000
 - c) Profit: Y = 5000 and X = 3000
 - d) Profit: Y = 3000 and X = 5000
3. Sleeping partners are those who [5]
 - a) take active part in the conduct of the business but provide no capital. However, share profits and losses in the agreed ratio.
 - b) do not take any part in the conduct of the business but provide capital and share profits and losses in the agreed ratio.
 - c) do not take any part in the conduct of the business and contribute no capital. However, share profits and losses in the agreed ratio.
 - d) take active part in the conduct of the business but provide no capital. However, salary is paid to them.

4. On 1st January 2023, a partner advanced a loan of ₹ 1,00,000 to the firm. In the absence of agreement, interest on loan on 31st March, 2023 will be: [5]

a) ₹ 3,000

b) Nil

c) ₹ 6,000

d) ₹ 1,500
5. In case of a change in profit sharing ratio among the existing partners who will compensate the existing partners: [5]

a) Gaining partner shall compensate

b) All partners shall compensate

c) Only one partner compensate

d) Sacrificing partner shall compensate
6. The circumstances when a change in profit sharing ratio is needed: [5]
A. When existing partners decide
B. At the time of admission/retirement/death of a partner
C. To distribute the revaluation profit

a) (A)

b) Both (A) and (B)

c) (C)

d) (B)
7. Vikas, Uday and Vikram are partners sharing profits in the ratio of 5 : 3 : 2. They decided to share future profits in the ratio of 2 : 3 : 5 with effect from 1st April 2021. They had the following balance in their Balance Sheet.
Profit and Loss Account (Dr.) 60,500.
Vikram's Capital Account will be: [5]

a) Debited by ₹ 12,100

b) Debited by ₹ 60,500

c) Debited by ₹ 18,150

d) Debited by ₹ 30,250
8. Govind and Pawan were partners in a firm sharing profit or losses in the ratio 7 : 5. With effect from 1st April 2021 they agreed to share profits in the ratio of 5 : 4. Due to the change in profit sharing ratio what is pawan's gain or sacrifice? [5]

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

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

c) Sacrifice $\frac{1}{36}$

d) Gain $\frac{1}{36}$
9. Neeraj and Preetam are partners sharing profits equally. They changed their profit-sharing ratio to 2 : 3 w.e.f. 1st April, 2022. The assets were revalued, and liabilities were reassessed on that date which resulted in a loss of ₹ 80,000. It will be transferred to their Capital Accounts by: [5]

- i. Debiting Neeraj's Capital Account and Preetam's Capital Account by ₹ 40,000 each.
- ii. Debiting Neeraj's Capital Account and Preetam's Capital Account by ₹ 80,000 each.
- iii. Crediting Neeraj's Capital Account and Preetam's Capital Account by ₹ 40,000 each.
- iv. Crediting Neeraj's Capital Account and Preetam's Capital Account by ₹ 80,000 each

- a) Statement (i) is correct.
- b) Statement (iv) is correct.
- c) Statement (iii) is correct.
- d) Statement (ii) is correct.

10. Revaluation Account or Profit and Loss Adjustment Account is a: [5]

- a) Asset Account
- b) Real Account
- c) Nominal Account
- d) Personal Account

11. Karan and Saran are partners in a partnership. They admitted Mohit as a new partner for 1/4th share in profits. [5]

Balance Sheet [Extract]

Liabilities	(₹)	Assets	(₹)
Creditors	25,000		

If 5% creditors are not likely to claim their dues, what amount of creditors will be shown in Balance Sheet on Mohit's admission:

- a) ₹ 25,000
- b) ₹ 23,750
- c) ₹ 26,250
- d) ₹ 20,000

12. Revaluation account is debited: [5]

- a) an increase in provision for doubtful debts
- b) a decrease in amount of creditors
- c) an increase in value of land & building
- d) to transfer loss on revaluation

13. On the admission of a new partner [5]

- a) both old partnership and firm are dissolved
- b) old partnership is dissolved
- c) old firm is dissolved
- d) neither partnership nor firm is dissolved

14. A, B and C are sharing profits in the ratio of 3 : 2 : 1. B retires and on the day of B's retirement Goodwill is valued at ₹ 60,000. A and C decided to share future profits in the ratio of 3 : 2. Journal entry will be: [5]

a)

A's Capital A/c	Dr.	12,000	
C's Capital A/c	Dr.	8,000	
To B's Capital A/c			20,000

b)

A's Capital A/c	Dr.	6,000	
C's Capital A/c	Dr.	14,000	
To B's Capital A/c			20,000

c)

A's Capital A/c	Dr.	18,000	
C's Capital A/c	Dr.	42,000	
To B's Capital A/c			60,000

d)

A's Capital A/c	Dr.	36,000	
C's Capital A/c	Dr.	24,000	
To B's Capital A/c			60,000

15. Some adjustments are required to be done at the time of retiring of a partner. Which of the following adjustments are to be done during retirement? [5]

- A. New profit sharing ratio of continuing partners
- B. Accounting treatment of goodwill
- C. Preparation of Executor's Account
- D. Adjustment of Reserves and Profits
- E. Calculation of gaining ratio

a) A, B, C, D

b) A, C, B, E

c) A, B, C, D, E

d) A, B, D, E

16. When the partner of a firm retires or died it will create a situation for the continuing partners, which is known as: [5]

a) Dissolution of firm

b) Reconstitution of Firm

c) Resolution of Firm

d) Liquidation

17. On firm's dissolution, which one of the following account should be prepared at the last? [5]

a) Partner's Loan Account

b) Realisation Account

c) Partner's Capital Accounts

d) Cash Account

18. What journal entry will take place when the amount of liability is less than the amount of workmen compensation reserve? [5]

a) Realisation A/c Dr.
To Workmen Compensation Reserve

b) Workmen Compensation Reserve A/c Dr.
To Realisation A/c
To Partner's Capital A/c

c) Realisation A/c Dr.
To Partners Capital A/cs
To Workmen Compensation Reserve

d) Workmen Compensation Reserve A/c Dr.
To Bank A/c
To Partner's Capital A/c

19. Realisation expenses ₹ 15,000 were paid by the firm on behalf of a partner. The Journal entry passed will be: [5]

a)

			₹	₹
(d)	Cash/Bank A/c	Dr.	15,000	
	To Realisation A/c			15,000

b)

			₹	₹
(b)	Realisation A/c	Dr.	15,000	
	To Concerned Partner's Capital A/c			15,000

c)

			₹	₹
(c)	Concerned Partner's Capital A/c	Dr.	15,000	
	To Cash/Bank A/c			15,000

d)

			₹	₹
(a)	Realisation A/c	Dr.	15,000	
	To Cash/Bank A/c			15,000

20. In what circumstances a partnership firm can be dissolved? [5]

A. When all partners become insolvent.

B. When the business of the firm become unlawful.

C. When Capital account of a partner shows a negative balance.

a) (A)

b) (B)

c) (C)

d) Both A and B

21. Girish Limited issued 2,000 Equity Shares of ₹ 100 each as fully paid-up in consideration of the purchase of Plant and Machinery worth ₹ 2,00,000. What entry will be recorded in company's Journal? [5]
- a) Vendor's A/c Dr. and Share Capital A/c Cr. With 1,50,000
- b) Vendor's A/c Dr. and Share Capital A/c Cr. With 2,00,000
- c) Vendor's A/c Dr. and Plant and Machinery A/c Cr. with 2,00,000
- d) Plant and Machinery A/c Dr. and Share Capital A/c Cr. with 2,00,000.
22. Starbucks Ltd. issued 50,000 shares of ₹ 100 each payable ₹ 20 on application (on 1st May 2022); ₹ 30 on allotment (on 1st January 2023); ₹ 20 on first call (on 1st July 2022) and the balance on final call (on 1st February 2023). Shiv, a shareholder holding 5,000 shares did not pay the first call on the due date. The second call was made and Shiv paid the first call amount along with the second call. All sums due were received. Total amount received on 1st February was: [5]
- a) ₹ 15,00,000
- b) ₹ 16,00,000
- c) ₹ 11,00,000
- d) ₹ 10,00,000
23. Choose the incorrect option from the following: [5]
- a)
- | | |
|---|-----|
| Bank A/c | Dr. |
| Calls-in Arrears A/c | Dr. |
| To First and Final Call A/c
(Being First and Final call received except on 200 shares) | |
- b)
- | | |
|---|-----|
| Share Application A/c | Dr. |
| To Share Allotment A/c | |
| To Share Capital A/c | |
| To Bank A/c
(Being Application money adjusted) | |
- c)
- | | |
|--|-----|
| Share Capital A/c | Dr. |
| To Bank A/c | |
| To Share Forfeiture A/c
(Being reissue of forfeited shares) | |
- d)
- | | |
|---|-----|
| Bank A/c | Dr. |
| To Share Allotment A/c | |
| To Calls-in Advance A/c
(Being Allotment money received with first and final call on 200 shares) | |
24. Vinod Limited invited applications for 2,000, 11% Debentures @ 100 each. The company received an application only for 1900 debentures. What is this situation called? [5]

a) Full Subscription

b) Over Subscription

c) Under Subscription

d) Pro-rata Allotment

25. Nargis Ltd. purchased assets of ₹ 8,00,000 and took over liabilities of ₹ 2,00,000 from Gauri Ltd. The payment was made by issue of 8% Debentures of ₹ 100 each at a premium of 20%. Number of debentures issued will be: [5]

a) 5,000

b) 6,000

c) 50,000

d) 6,00,000

26. Raj Ltd. purchased a building for ₹ 5,00,000 payable as 15% in cash and balance by allotment of 9% debentures of ₹ 100 each at a premium of 25%. Number of debentures issued will be: [5]

a) 4,000

b) 5,000

c) 4,250

d) 3,400

27. Which of the following statement shows the financial position of a company as at a given date? [5]

a) Statement of Profit & Loss

b) Cash Flow Statement

c) Income Statement

d) Balance Sheet

28. Which of the following items is shown under the head **Non-current Assets** while preparing the balance sheet of a company? [5]

a) Current Investment

b) Inventory

c) Underwriting Commission

d) Patents

29. Revenue from the sale of Stock-in-Trade is shown in the Statement of Profit and Loss as: [5]

a) Receivables

b) Other Income

c) Revenue from Operations

d) Receipts

30. Purchase of goods for reselling is shown in the Statement of Profit and Loss under: [5]

a) Purchases of Stock-in-Trade

b) Other expenses

c) Cost of Materials Consumed

d) Changes in Inventories of
Finished Goods, Work-in-Progress
and Stock-in-Trade

31. The main objective of Trend Analysis is: [5]
- a) To make a comparative study of the financial statements for a number of years
 - b) To indicate the direction of movement
 - c) All of these
 - d) To help in forecasts of various items
32. Total assets of a firm are ₹ 20,00,000 and its non-current assets are ₹ 8,00,000. What will be the percentage of non-current assets on total assets? [5]
- a) 29%
 - b) 40%
 - c) 60%
 - d) 71%
33. Which analysis is considered more dynamic? [5]
- a) Horizontal Analysis
 - b) Vertical Analysis
 - c) External Analysis
 - d) Internal Analysis
34. Which of the following transactions will not result into flow of cash? [5]
- i. Issue of equity shares of ₹ 20,00,000.
 - ii. Purchase of machinery of ₹ 5,00,000.
 - iii. Redemption of 9% Debentures of ₹ 10,00,000.
 - iv. Cash deposited into bank ₹ 50,000.
- a) i and ii
 - b) only iv
 - c) iii and iv
 - d) ii and iii
35. An example of Cash Flow from Operating Activity is: [5]
- i. Cash receipts from sale of goods and services
 - ii. Sale of long-term investments
 - iii. Interest Received
 - iv. Issue of Debentures
- a) Option (iv)
 - b) Option (iii)
 - c) Option (i)
 - d) Option (ii)
36. An Example of cash flow from financing activity is: [5]
- a) Payment of dividend
 - b) Receipt of dividend on investment

- c) Purchase of fixed asset d) Cash received from customer

37. Dividend paid by a manufacturing company is classified under which kind of activity while preparing cash flow statement? [5]

a) Cash Flow from Operating Activities b) Cash Flow from Investing Activities
c) Cash Flow from Financing Activities d) No Cash Flow

38. Income and expenditure account is based on [5]

a) Accrual accounting b) Government accounting
c) Management accounting d) Cash accounting

39. Prize fund Rs.10,000, Interest on prize fund investments Rs.1,000, Prize paid Rs.2,000, Prize fund investment Rs.8,000. What will be its treatment [5]

a) Rs.20,000 on liability side, Rs. 8,000 on Assets side b) Rs.1,000 on the liability side, Rs. 8,000 on the Assets side
c) Rs.1,700 on the liability side, Rs. 8,000 on the Assets side d) Rs.9,000 on the liability side, Rs. 8,000 on the Assets side

40. Donation received for a special purpose is a: [5]

a) Liability b) Revenue Receipt
c) Capital Receipt d) Asset

41. Which account gives an idea about the cash position of a non-profit organization: [5]

a) Receipt and payment account b) Income and Expenditure account
c) Trading account d) Balance sheet

42. Goodwill of the firm is not affected by [5]

a) Location of the firm b) None of these
c) Better customer service d) Favourable contracts

43. Goodwill is [5]

a) an intangible asset b) None of these

- c) Both an intangible asset and a fictitious asset d) a fictitious asset
44. In case debentures of ₹10,000 are issued at par but redeemable at a premium of 10%, the premium payable is debited to [5]
- a) Debentures Suspense Account and Loss on Issue of Debentures Account b) Debentures Suspense Account
- c) Premium on Redemption of Debentures Account d) Loss on Issue of Debentures Account
45. Debentures which are not repayable during the lifetime of the company are called..... [5]
- a) Perpetual or Irredeemable Debentures b) Convertible Debentures
- c) Redeemable Debentures d) Non-convertible Debentures
46. Total asset = 10,00,000; Non-current asset = 6,00,000; Shareholders fund = 4,00,000; Reserve & surplus = 1,00,000; Non-current liability = 3,00,000 Current Ratio will be: [5]
- a) 1 : 2 b) 2 : 1
- c) 4 : 3 d) 3 : 4
47. Revenue from operation 10,00,000; Gross profit 25% on cost; Depreciation 10,000; selling expense 40,000; Administration expense 50,000. Operating ratio will be: [5]
- a) 80% b) 10%
- c) 20% d) 90%
48. Which of the following is **not** a Solvency Ratio? [5]
- a) Interest Coverage Ratio b) Proprietary Ratio
- c) Return on Investment d) Total Assets to Debt Ratio
49. Credit Revenue from Operations ₹ 6,00,000; Cash Revenue from Operations ₹ 1,50,000; Debtors ₹ 1,00,000; B/R ₹ 50,000. Average Collection Period will be: [5]
- a) 2 Months b) 3 Months
- c) 1.6 Months d) 2.4 Months
50. The analysis of a financial statement by a shareholder is an example of: [5]

a) Internal Analysis

b) Vertical Analysis

c) External Analysis

d) Horizontal Analysis

Solutions

1. (a) Two firms cannot form a partnership

Explanation: Two firms cannot form a partnership

2.

(c) Profit: Y = 5000 and X = 3000

Explanation: Profit: Y = 5000 and X = 3000

8,000 will be distributed in the ratio of interest on capital.

3.

(b) do not take any part in the conduct of the business but provide capital and share profits and losses in the agreed ratio.

Explanation: do not take any part in the conduct of the business but provide capital and share profits and losses in the agreed ratio.

4.

(d) ₹ 1,500

Explanation: $100000 \times 6\% \times 3/12 = ₹ 1,500$

5. (a) Gaining partner shall compensate

Explanation: Whenever there is a change in the existing profit sharing ratio of partnership firm, a gainer partner will compensate the sacrificing partner, for this purpose these steps should be followed by the partners:

- i. Find out the Gainer due to change in existing profit sharing ratio
- ii. Find out the Sacrificing partner
- iii. Now, Debit the gainer partner's capital account and credit the sacrificing partner's capital account

6.

(b) Both (A) and (B)

Explanation: Change in profit sharing ratio is essential in the following circumstances in case of a partnership firm:

- i. When existing partners have decided to change their existing profit sharing ratio to the new ratio
- ii. When a new partner is admitted
- iii. When a partner gets retirement from the firm
- iv. At the time of death of a partner

7. (a) Debited by ₹ 12,100

Explanation: $60,500 \times 2/10 = 12,100$

8.

(d) Gain $\frac{1}{36}$

Explanation: $\frac{5}{12} - \frac{4}{9} = \frac{15}{36} - \frac{16}{36} = \frac{(-1)}{36}$ (Gain)

9. (a) Statement (i) is correct.

Explanation: Debiting Neeraj's Capital Account and Preetam's Capital Account by ₹

40,000 each.

Loss of revaluation will be shared in old profit sharing ratio (1 : 1)

10.

(c) Nominal Account

Explanation: Revaluation Account or profit & loss adjustment account is Nominal Account. Revaluation account is opened by the firm to record the gains and losses arising from the revaluation of assets and reassessment of liabilities at the time of reconstitution of the firm. Hence, the output is either a profit or a loss, so it is a nominal account.

11.

(b) ₹ 23,750

Explanation: $25,000 - 5\% \text{ of } 25,000 = 25,000 - 1,250 = 23,750$

12. (a) an increase in provision for doubtful debts

Explanation: an increase in provision for doubtful debts as it is loss and hence debited to revaluation

13.

(b) old partnership is dissolved

Explanation: old partnership is dissolved only as firm continues its business

14.

(b)

A's Capital A/c	Dr.	6,000	
C's Capital A/c	Dr.	14,000	
To B's Capital A/c			20,000

Explanation:

A's Capital A/c	Dr.	6,000	
C's Capital A/c	Dr.	14,000	
To B's Capital A/c			20,000

B's share in goodwill = $60,000 \times \frac{2}{6} = 20,000$

Gaining ratio = New ratio - Old ratio 3 : 7

$$A :- \frac{3}{5} - \frac{3}{6} = \frac{18-15}{30} = \frac{3}{30}$$

$$C :- \frac{2}{5} - \frac{1}{6} = \frac{12-5}{30} = \frac{7}{30}$$

15.

(d) A, B, D, E

Explanation: Following adjustments are done at the time of retirement of a partner:

- New profit sharing ratio and gaining ratio of continuing partners
- Accounting treatment of goodwill
- Adjustment of Reserves and Profit

Note: Executor's Account is prepared at the time of death of a partner.

16.

(b) Reconstitution of Firm

Explanation: Retirement or death of a partner will create a situation for the continuing partners, which is known as Reconstitution.

17.

(d) Cash Account

Explanation: Cash Account

18.

(b) Workmen Compensation Reserve A/c Dr.

To Realisation A/c

To Partner's Capital A/c

Explanation: The following journal entry will take place:

Workmen Compensation Reserve A/c Dr.

To Realisation A/c

To Partner's Capital A/c

Note: An Amount equal to the liability against workmen compensation Reserve should be transferred to the Realisation Account and the balance amount is credited to the capital accounts of the partners in their profit sharing ratio.

19.

(c)

			₹	₹
(c)	Concerned Partner's Capital A/c	Dr.	15,000	
	To Cash/Bank A/c			15,000

Explanation:

			₹	₹
(c)	Concerned Partner's Capital A/c	Dr.	15,000	
	To Cash/Bank A/c			15,000

20.

(d) Both A and B

Explanation: A firm can be dissolved compulsorily in the following cases:

- When all the partners of a partnership firm or all but one partner, become insolvent, rendering them incompetent to sign a contract;
- When the business of the partnership firm becomes illegal.

21.

(b) Vendor's A/c Dr. and Share Capital A/c Cr. With 2,00,000

Explanation: Vendor's A/c Dr. and Share Capital A/c Cr. With 2,00,000

22.

(b) ₹ 16,00,000

Explanation: total amount received on final call = (50,000 share × ₹ 30) + (5,000 shares × ₹ 20)

$$= ₹ 15,00,000 + ₹ 1,00,000 = ₹ 16,00,000$$

23.

(c)

Share Capital A/c	Dr.
To Bank A/c	
To Share Forfeiture A/c (Being reissue of forfeited shares)	

Explanation:

Share Capital A/c	Dr.
To Bank A/c	
To Share Forfeiture A/c (Being reissue of forfeited shares)	

24.

(c) Under Subscription

Explanation: When a company receives less applications for the debentures than the actual debentures offered for the subscription, it is known as under subscription. In this, all Debentures are issued to all debenture holders.

25. (a) 5,000

Explanation: $600000/120 = 5,000$

26.

(d) 3,400

Explanation: Number of debentures issued = $\frac{4,25,000}{125} = 3,400$

27.

(d) Balance Sheet

Explanation: Balance Sheet

28.

(d) Patents

Explanation: Patents

29.

(c) Revenue from Operations

Explanation: Revenue from the sale of Stock-in-Trade is shown in the Statement of Profit and Loss as Revenue from Operations.

30. (a) Purchases of Stock-in-Trade

Explanation: Purchase of goods for reselling is shown in the Statement of Profit and Loss under Purchases of Stock-in-Trade.

31.

(c) All of these

Explanation: All the options are main objective of Trend Analysis.

32.

(b) 40%

Explanation: 40%

33. **(a)** Horizontal Analysis
Explanation: Horizontal Analysis
34.
(b) only iv
Explanation: cash and bank both are part of cash and cash equivalents
35.
(c) Option (i)
Explanation: Cash receipts from sale of goods and services
36. **(a)** Payment of dividend
Explanation: Payment of dividend
37.
(c) Cash Flow from Financing Activities
Explanation: Cash Flow from Financing Activities
38. **(a)** Accrual accounting
Explanation: Accrual basis of accounting says that record an entry on accrual basis (means record a transaction whether cash is paid or not if they are incurred then record. So, Income and Expenditure account consider all transaction whether they are in cash or not.
39.
(d) Rs.9,000 on the liability side, Rs. 8,000 on the Assets side
Explanation: Calculation of the balance sheet will be like this:
Prize fund - 9,000
Add: Interest on prize fund investment 1,000
Less: Prize paid 2,000
Amount on Liability side = Rs. 9,000
Prize fund investment Rs. 8,000 will be shown on the asset side.
Any income of the fund is added and expenses of the fund are subtracted.
40.
(c) Capital Receipt
Explanation: Donation Received is a capital receipt because it is used for special purpose.
41. **(a)** Receipt and payment account
Explanation: Receipt and payment account is a summary of cash book which shows actual cash received and cash paid in a year. This account shows the actual cash in beginning or at end of a year. Hence, this account shows the actual cash position of a non-profit organisation (NPO).
42.
(b) None of these
Explanation: None of these
43. **(a)** an intangible asset
Explanation: an intangible asset
44.
(d) Loss on Issue of Debentures Account
Explanation: Loss on Issue of Debentures Account
45. **(a)** Perpetual or Irredeemable Debentures
Explanation: Debentures which are not repayable during the lifetime of the company are

called Perpetual debentures or irredeemable debentures. These debentures can be redeemed only at the time of liquidation

46.

(c) 4 : 3

Explanation: Current Assets = Total Assets – Non-current Assets = 10,00,000 – 6,00,000 = 4,00,000

Current Liability = Total Assets – Non-current Liability – Shareholders' Fund
= 10,00,000 – 3,00,000 – 4,00,000 = 3,00,000

Current Ratio = Current Assets/Current Liabilities = 4:3

47.

(d) 90%

Explanation: Let cost of revenue from operation = X

Gross profit = $\frac{1}{4} X$

$X + \frac{1}{4}X = 10,00,000$

$\frac{5}{4} X = 10,00,000$

$X = 8,00,000$

Cost of revenue from operations = 8,00,000

Operating Ratio = (Cost of revenue from operations + Operating expenses) / Revenue from operations x 100

= $(8,00,000 + 1,00,000) / 10,00,000 \times 100$

= 90%

48.

(c) Return on Investment

Explanation: Return on Investment

49.

(b) 3 Months

Explanation: Trade receivable turnover ratio = $\frac{\text{net credit sale}}{\text{Average Trade receivable}} = \frac{6,00,000}{1,50,000} = 4 \text{ times}$

Average trade receivable = 1,00,000 + 50,000 = 1,50,000

Debt collection period = $\frac{12}{\text{Inventory turnover ratio}} = 3 \text{ months}$

50.

(c) External Analysis

Explanation: The analysis of a financial statement by a shareholder is an external analysis.