

CUET Accountancy Solved Paper-2023

Held on 30 May 2023 (Shift-I)

1. Identify the basis on which share of Profit or Loss of deceased partner is calculated from the date of last balance sheet to the date of death of that partner.

- (a) Time Basis
- (b) Sales Basis
- (c) Either Time Basis or Sales Basis
- (d) Product basis

2. Which of the following statements are true in case of a corporation ?

- (A) Memorandum of Association is also known as statement in Lieu of Prospectus.
- (B) Paid up capital can exceed called up capital.
- (C) Capital Reserves are created from capital profits.
- (D) The part of capital which can be called up only on winding up of the company is called Reserve Capital.
- (E) Minimum subscription must be at least 90% of the shares issued.

Choose the correct answer from the options given below:

- (a) (C), (D) and (E) only
- (b) (A) and (B) only
- (c) (A), (B) and (C) only
- (d) (A), (D) and (E) only

3. Match List-I with List-II.

List - I

List - II

- | | |
|-------------------------------|-------------------------------------------------------------------------|
| (A) Minimum Subscription | (I) Fundamental provisions & important clause of company's constitution |
| (B) Prospectus | (II) 90% of issued amount according to SEBI |
| (C) Reserve Capital | (III) Invitation to the public for Subscription of shares |
| (D) Memorandum of Association | (IV) Reserved portion of uncalled capital |

Choose the correct answer from the options given below:

- (a) (A)-(IV), (B)-(III), (C)-(II), (D)-(I)
- (b) (A)-(II), (B)-(III), (C)-(IV), (D)-(I)
- (c) (A)-(III), (B)-(II), (C)-(I), (D)-(IV)
- (d) (A)-(II), (A)-(III), (C)-(I), (D)-(IV)

4. From the following select the method(s) of Redemption of Debentures.

- (A) Lumpsum payment made at the end of specified period of time.
- (B) Instalment payments made by drawing of lots.
- (C) Purchase from open market
- (D) Selling fixed Assets in open market
- (E) Conversion into Shares and Debentures

Choose the correct answer from the options given below:

- (a) (A) and (B) only
- (b) (D)-only
- (c) (C) and (E) only
- (d) (A), (B), (C) and (E) only

5. Calculate the amount of Tax made to be added to net profits after tax and extra ordinary items for the year ended March 31'2023 :

Balance Sheet (Extract)

Particular	Note No.	31 Mar'23	31 Mar'22
Short Term Provision (Provision For tax)		₹ 80000	₹ 1,10,000

Additional information :

Tax paid during the year 2022-23 was ₹1,20,000.

- (a) ₹80,000
- (b) ₹1,10,000
- (c) ₹1,20,000
- (d) ₹90,000

6. At the time of retirement of a partner, the retiring partner's Capital account will be credited with:

- (a) His/Her share of Goodwill
- (b) Goodwill of the firm
- (c) Share of Goodwill of remaining partners
- (d) Undistributed losses

7. Following is the extract of Balance sheet of Mayur Ltd.

Particular	Note No.	31 Mar'23	31 Mar'22
EQUITY AND LIABILITIES			
Current Liabilities			
Other Current Liabilities	1		
Notes to Accounts			
Other Current Liabilities	31 Mar'22	31 Mar'21	
Unclaimed Dividend	30,000	20,000	

Proposed Dividend for the year ended Mar. 31'21 was ₹2,50,000 and for the Mar. 31'22 was ₹3,50,000.

What will be the amount of Dividend paid as an outflow in financing activities for year ended Mar. 31'2022 ?

- (a) ₹3,40,000
- (b) ₹2,20,000
- (c) ₹2,40,000
- (d) ₹2,50,000

- Choose the correct answer from the options given below:

 - (A), (B), (C), (D), (E)
 - (A), (C), (B), (D), (E)
 - (A), (B), (C), (E), (D)
 - (A), (C), (B), (E), (D)

20. Arrange the following in correct sequence according to the form and content of statement of Profit and Loss.

 - Employee Benefit Expenses
 - Tax provided
 - Revenue from operations
 - Purchase of stock in Trade
 - Dividend Income

Choose the correct answer from the options given below:

 - (C), (E), (D), (A), (B)
 - (C), (D), (E), (B), (A)
 - (C), (D), (E), (A), (B)
 - (C), (A), (B), (D), (E)

21. Jindal Ltd. purchased a machine from Auto Ltd. for ₹ 38,00,000. As per purchase agreement ₹ 8,00,000 was paid in cash and balance by issuing of shares of ₹ 100 each at 20% premium. Calculate the number of shares issued.

 - 30,000
 - 25,000
 - 37,500
 - 24,000

22. In the absence of partnership deed, which of the following statement is correct?

 - Interest on partners' Capital will be allowed @ 6% p.a.
 - Interest on partner s' Loan is to be given @ 6% p.a.
 - Profits are shared in the ratio of Capital
 - Interest on Drawing is to be charged @ 6% p.a.

23. Match List-I with List-II.

List - I	List - II
(A) No. of years purchase	(I) Excess of average profit over normal profit
(B) Super profit	(II) Expected profit in the industry
(C) Normal profit	(III) Total profit divided by number of years
(D) Average profit	(IV) No. of years the firm continues to earn same profit

Choose the correct answer from the options given below:

 - (A)-(IV), (B)-(I), (C)-(II), (D)-(III)
 - (A)-(II), (B)-(I), (C)-(IV), (D)-(III)
 - (A)-(I), (B)-(IV), (C)-(II), (D)-(III)
 - (A)-(III), (B)-(IV), (C)-(II), (D)-(I)

24. Current Investment is a part of which of the following activities?

 - Operating Activities
 - Investing Activities
 - Financing Activities
 - Cash and Cash equivalents

25. Arrange the following terms related to Share Capital in a correct sequence :

 - Subscribed Capital
 - Authorised/Registered or Nominal Capital
 - Issued Capital
 - Paid-up Capital
 - Called up Capital

Choose the correct answer from the options given below:

 - (B), (C), (A), (E), (D)
 - (B), (C), (D), (A), (E)
 - (B), (C), (D), (E), (A)
 - (B), (C), (A), (D), (E)

26. According to partnership Act, if the deed is silent then the profit sharing ratio will be : (Assuming there are only two partners)

 - In partners' capital ratio
 - 1 : 2
 - 2 : 1
 - Equality

27. If a company fails to receive minimum subscription within 120 days from the date of issue of the prospectus. In how many days should company refund the amount of application money from the date of Issue of Prospectus ?

 - 150 days
 - 230 days
 - 130 days
 - 120 days

28. In the absence of partnership deed, identify the rate of interest that should be charged on the drawings of a partner.

 - 6%
 - 6% p.a.
 - As decided by the partner, who had withdrawn money as drawing
 - No interest is to be charged

29. Identify the term that refers to the processing of accounting transaction through the use of hardware and software in order to produce accounting records and reports.

 - DBMS
 - CAS
 - GAAP
 - MIS

30. PK Ltd. issued 30,000, 12% Debentures of ₹100 each at 10% premium. Full amount was payable on Application. Public had applied for 40,000 Debentures, pro-rata allotment was made to applicants of 36,000 debentures. Determine the amount to be refunded at the time of allotment of debentures.

 - ₹10,00,000
 - ₹11,00,000
 - ₹4,00,000
 - ₹4,40,000

31. Select the Factors affecting the value of goodwill of a firm from the following.

 - Financial Soundness of Employees employed in the organisation.
 - Nature of business affects Goodwill of a firm.
 - Centrally located business enjoy more Goodwill.

(D) Limited Competition help firm to earn more and thus their goodwill will be high.

(E) Efficiency of Management has no direct influence on Goodwill of a firm.

Choose the correct answer from the options given below:

- (a) (A), (B) and (C) only
- (b) (B), (C) and (D) only
- (c) (C), (D) and (E) only
- (d) (A), (C) and (E) only

32. The income arising from bequest or gifts used for specific purpose is termed as _____.

- (a) Endowment Fund (b) Legacies
- (c) Government Grant (d) Special Fund

33. P, Q, R are partners sharing profits in 2 : 2 : 1, they admitted S for 1/8 share which he acquired entirely from P. Calculate new profit sharing ratio?

- (a) 11 : 16 : 8 : 5 (b) 1 : 1 : 1 : 1
- (c) 2 : 2 : 1 : 1 (d) 2 : 2 : 1 : 8

34. Match List-I with List-II.

List - I

List - II

- | | |
|------------------------------------------------------|---------------------------------------------------|
| (A) Excess of actual profits over the normal profits | (I) Revaluation Account |
| (B) Unrecorded assets of the firm brought into books | (II) Compulsory dissolution of a partnership firm |
| (C) Business of the firm becomes illegal | (III) Super Profit |
| (D) Death of a partner | (IV) Dissolution of Partnership |

Choose the correct answer from the options given below:

- (a) (A)-(III), (B)-(IV), (C)-(II), (D)-(I)
- (b) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)
- (c) (A)-(III), (B)-(I), (C)-(IV), (D)-(II)
- (d) (A)-(III), (B)-(I), (C)-(II), (D)-(IV)

35. Kumar, Lakshya, Manoj and Naresh are partners sharing profits; in the ratio of 3 : 2 : 1 : 4. Kumar retires and his share is acquired by Lakshya and Manoj in the ratio of 3 : 2. Calculate new profit sharing ratio of remaining partners.

- (a) 3 : 2 : 1
- (b) 9 : 6 : 4
- (c) 19 : 11 : 20
- (d) 1 : 2 : 2

36. Identify the Cases when Revaluation Account is prepared.

- (A) Admission of a partner
- (B) Dissolution of a partnership firm
- (C) Retirement of a partner
- (D) Change in the profit sharing ratio among existing partners
- (E) Adjustment of Capitals of partners

Choose the correct answer from the options given below:

- (a) (A), (C) and (D) only
- (b) (A), (C) and (E) only
- (c) (A), (D) and (E) only
- (d) (A), (B), (C) and (D) only

37. Identify which of the following, is prepared on accrual basis :

- (a) Cash Book
- (b) Receipt and Expenditure Account
- (c) Receipt and Payment Account
- (d) Income and Expenditure Account

38. Balance Sheet

Liabilities	₹	Assets	₹
		Debtor ₹2,10,000 (-) Provision for Doubtful Debts ₹18,000	1,92,000

Additional Information :

- (i) Bad debts amounted to ₹ 10,000
 - (ii) Create provision for doubtful debts @ 10% of debtors.
- Based on the given details Revaluation Account will be :
- (a) Debited by ₹ 22,000
 - (b) Credited by ₹ 22,000
 - (c) Debited by ₹ 12,000
 - (d) Credited by ₹ 12,000

39. Match List-I with List-II.

List - I

List - II

- | | |
|---------------------------------------|--------------------------------------------------------------------|
| (A) Sale of Investment | (I) Financing Activity |
| (B) Depreciation written off | (II) Added to calculate Operating Activities |
| (C) Repayment of Long-term borrowings | (III) Investing Activity |
| (D) Increase in current Asset | (IV) Deducted from Operating Profit before working capital changes |

Choose the correct answer from the options given below:

- (a) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)
- (b) (A)-(III), (B)-(II), (C)-(I), (D)-(IV)
- (c) (A)-(IV), (B)-(III), (C)-(I), (D)-(II)
- (d) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)

40. The need of codification is _____.

- (a) Encryption of data
- (b) Generation of mnemonic code
- (c) To secure the accounts, reports, etc.
- (d) Easy to process data, keeping proper records

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Direction Based on following case, answer question.
 Nayana and Arushi were partners sharing profit equally. Their Balance Sheet as at March 31, 2017 was as follows:

Balance Sheet of Nayana and Arushi as on March 31, 2017			
Liabilities	Amount ₹	Assets	Amount ₹
Capitals: Nayana 1,00,000	1,50,000	Bank	30,000
Arushi 50,000	20,000	Debtors	25,000
Creditors	10,000	Stock	35,000
Arushi's Cunent account	15,000	Furniture	40,000
Workmen Compensation	5,000	Machinery	60,000
		Nayana's current account	10,000
Reserve Bank overdraft	2,00,000		2,00,000

The firm was dissolved on the above date:

- (1) Nayana took over 50% of the stock at 10% less on its book value, and the remaining stock was sold at a gain of 15%. Furniture and Machinery realised for Rs. 30,000 and Rs. 50,000 respectively.
 - (2) There was an unrecorded investment which was sold for ₹34,000
 - (3) Debtors realised 90% only and ₹1,200 were recovered for bad debts written-off last year.
 - (4) There was an outstanding bill for repairs which had to be paid for ₹2,000
41. Calculate the amount realised from remaining stock sold at a gain of 15%
- (a) ₹20,125
 - (b) ₹17,500
 - (c) ₹14,875
 - (d) ₹38,875
42. Calculate the amount paid to creditors :
- (a) ₹27,000
 - (b) ₹22,000
 - (c) No amount was paid
 - (d) ₹20,000
43. What will be the treatment of Workman Compensation Reserve at the time of dissolution ?
- (a) Workmen Compensation Reserve will be Credited to workers account.
 - (b) No entry will be made.
 - (c) It should be transferred to Realisation A/c on the debit side and payment to be made on the Credit side.
 - (d) Nayana's and Arushi's Capital A/c will be credited with ₹7500 each and workmen Compensation account will be debited with ₹15000.

44. How treatment will be done to the current account of partner at the time of dissolution of firm ?

- (a) All the necessary transactions are done in partners current account and the balance will be transferred to fixed capital account of partner.
- (b) Current account balance will be carried to partners fixed capital and then all transactions will be done in fixed capital account.
- (c) Current account of partners will be settled by paying off and other transactions will be done in fixed capital account.
- (d) Current account and Fixed capital account are kept separate.

45. Calculate the total amount realised in Cash/Bank at the time of dissolution of the firm from sale of assets & recovery :

- (a) ₹1,16,200
- (b) ₹1,57,825
- (c) ₹1,56,623
- (d) ₹1,54,200

Direction: (46-50) Based on following information of a company as at 31 March, 2017. Answer question.

Items	₹
Inventory	1,00,000
Total Current Assets	1,60,000
Shareholders Fund	4,00,000
13% Debentures	3,00,000
Current liabilities	1,00,000
Net Profit before Tax	3,51,000
Cost of Revenue from operations	5,00,000

46. What will be the Current Ratio of Company ?

- (a) 16 times
- (b) 2.6 : 1
- (c) 2 : 1
- (d) 1.6 : 1

47. Calculate Liquid Assets and Quick Ratio of the Company.

- (a) ₹60,000; 0.6 : 1
- (b) ₹1,00,000 ; 1 : 1
- (c) ₹1,60,000; 1.6 : 1
- (d) ₹2,60,000 ; 2.6 : 1

48. Calculate Debt Equity Ratio

- (a) 2 : 1
- (b) 1 : 1
- (c) 0.75 : 1
- (d) 0.50 : 1

49. The Interest Coverage Ratio of the company will be :

- (a) 12 times
- (b) 10 times
- (c) 30 times
- (d) 8 times

50. The Inventory Turnover Ratio will be :

- (a) 4.5 times
- (b) 7 times
- (c) 6 times
- (d) 5 times

Hints & Explanations

1. (c) Share of Profit or Loss of deceased partner from the last balance sheet till the date of death is calculated either on Time basis or on Sales basis.
2. (a)
3. (b)
4. (d) There are four methods of redemption of debentures viz. Redemption in lump-sum, Redemption in instalments, Redemption by purchase in open market and Redemption by conversion.
5. (d) Provision for Tax (Opening) + Provision made during the year – Tax paid during the year = Provision for Tax (Closing)

$$1,10,000 + \text{Provision made during the year} - 1,20,000 = 80,000$$

$$\text{Provision made during the year} = 80,000 + 10,000 = \text{Rs.}90,000$$

Hence, Rs.90,000 should be added to Net profit after tax and extra ordinary items.
6. (d) At the time of retirement of partner, the retiring partner's capital is credited with his/her share in goodwill.
7. (c) Unclaimed Dividend should be deducted from the amount of Proposed Dividend Paid because it represents that amount of Dividend which is not yet paid in financing activities.

There is addition of Rs.10,000 in Unclaimed Dividend during the year and Proposed Dividend for the year ended 31st March 2021 of Rs.2,50,000 has to be paid during the current year. Hence, Dividend paid as outflow in financing activities would be Rs.2,50,000 – Rs.10,000, i.e. Rs.2,40,000.
8. (a)
9. (c) A's Commission = $1,65,000 \times 10/110 = 15,000$
10. (c) Unlimited liability of partner means that a partner is liable jointly and also severally for all the debts of the firm. His private assets can be used for paying off the firm's debts.
11. (c) In accounting, a transaction consists of four data elements, such as name of account, accounting code, date of transaction and amount.
12. (b) Contingent Liabilities are those liabilities which are not shown in balance sheet, these are shown as footnote only.

13. (a) Calculation of amount received on allotment

Amount due on allotment (200000 shares x Rs.5)	10,00,000
Less : Excess money on application (50000 shares x Rs.3)	(1,50,000)
Add : Calls in Advance (10000 shares x Rs.2)	20,000
	8,70,000

14. (a) A spreadsheet is also known as a worksheet. It is used to record, calculate and compare numerical or financial data. Each value can either be an independent (i.e. basic) value or it may be derived on the basis of values of other variables.
15. (a)
$$\text{Goodwill} = 6,00,000$$

$$\text{Goodwill} = 3 \times \text{Super Profit}$$

$$6,00,000 = 3 \times \text{Super Profit}$$

$$\text{Super Profit} = 2,00,000$$

$$\text{Super Profit} = \text{Actual Profit} - \text{Normal Profit}$$

$$2,00,000 = 3,50,000 - \text{Normal Profit}$$

$$\text{Normal Profit} = 3,50,000 - 2,00,000 = 1,50,000$$

$$\text{Normal Profit} = \text{Capital Employed} \times \text{Normal rate of return}$$

$$1,50,000 = \text{Capital Employed} \times 10\%$$

$$\text{Capital Employed} = 1,50,000/10\% = 15,00,000$$
16. (a) Acquisition of machine by issue of equity shares will not be recorded in Cash Flow Statement, as it doesn't involve any flow of cash.
17. (d) Loss on issue of debenture = $15\% \text{ of } 30,00,000 = 4,50,000$

It will be set off partly from securities premium to the extent of Rs.80,000 and rest from statement of profit and loss.
Amount to be debited to statement of profit and loss = $4,50,000 - 80,000 = 3,70,000$
18. (a)
19. (b)
20. (a)
21. (b) Number of Shares = $(38,00,000 - 8,00,000)/120 = 25,000 \text{ shares}$
22. (c) In the absence of partnership deed, Interest on partner's loan is to be given @ 6% p.a.
23. (a)
24. (d) Current Investments are readily available investment, and part of Cash and Cash Equivalents.
25. (a)

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26. (c) According to Partnership Act 1932, in the absence of any agreement between partners, profit and loss must be shared equally, regardless of the ratio of the partner's investments.
27. (d) If minimum subscription is not received the company is required to refund the amount so received from the applicants within 120 days of issue of prospectus.
28. (d) Interest on drawings is the interest charged by the firm on the money withdrawn by the partners for their personal purpose. If there is no provision in the partnership deed relating to interest on drawings no interest will be charged by the firm.
29. (b) Computerised Accounting System refers to the processing of accounting transactions through the use of hardware and software in order to produce accounting records and reports. CAS takes accounting transactions as inputs that are processed through Accounting Software.
30. (b) In case of Lump-sum payment, all excess is to be refunded to debenture holders.
 Hence money refunded = 10000 debenture \times 110
 $=$ Rs.11,00,000
31. (a) Factors affecting goodwill are as follows:
 • Location of business.
 • Quality of goods and services.
 • Efficiency of management.
 • Business risk.
 • Nature of business.
 • Favourable contracts.
 • Possession of trademark and patents.
 • Capital.
32. (a) Endowment Fund is a fund arising from a bequest or gift, the income of which is devoted to a specific purpose. Explanation: Endowment Fund - An endowment fund is a fund created by a bequest or gift, the revenue from which is used to support a specified cause.
33. (a) P's new share = $\frac{2}{5} - \frac{1}{8} = \frac{11}{40}$
 Q's share = $\frac{2}{5} \times \frac{8}{8} = \frac{16}{40}$
 R's share = $\frac{1}{5} \times \frac{8}{8} = \frac{8}{40}$
 S's share = $\frac{1}{8} \times \frac{5}{5} = \frac{5}{40}$
- New Profit sharing ration = 11 : 16:8:5**
34. (d) Super Profit = Actual Profit – Normal Profit
 Unrecorded Assets and liabilities are recorded in books of accounts through Revaluation Account.
 There is compulsory to dissolve the firm business, if it becomes illegal.
 Death of a partner results reconstitution of firm, i.e. Dissolution of Partnership.
35. (c) Lakshya's new share = $\frac{2}{10} + \left[\frac{3}{10} \times \frac{3}{5} \right] = \frac{19}{50}$
 Manoj's new share = $\frac{1}{10} + \left[\frac{3}{10} \times \frac{2}{5} \right] = \frac{11}{50}$
 Naresh's new share = $\frac{4}{10} \times \frac{5}{5} = \frac{20}{50}$
- New Profit sharing ration = 19 : 11:20**
36. (a) Revaluation account is prepared at the time of change in profit sharing ratio among existing partners or admission of a new partner or in case of death or retirement of a partner. The Revaluation profit or loss is transferred to the capital a/c of all the partners comprising deceased or retiring partners in their old profit sharing ratio (PSR).
37. (d) Income and expenditure account is prepared on Accrual basis. Accrual basis of accounting is wherein all the expenses that are actually incurred and incomes actually earned are recorded. It is recorded when its realised and not when received.
38. (c) Remaining balance of Provision for doubtful debts
 $=$ Rs.8,000
 $(Rs.18,000 - Rs.10,000)$
 Provision for doubtful debts to be maintained = 10% of $(2,10,000 - 10,000)$ = Rs.20,000
 Additional Provision to be made
 $=$ Rs.20,000 – Rs.8,000 = Rs.12,000
 Amount debited to Revaluation A/c = Rs.12,000
39. (b)
 • Investing Activities are related to Non-current assets. Hence, sale of investment is investing activity.
 • Non-cash items like depreciation/amortization are added in operating activities.
 • Changes in current assets/current liabilities are added/deducted in operating profit before working capital changes.
 • Financing activities are related to shareholder funds and non-current liabilities. Hence, Repayment of Long-term borrowings is financing activity.
40. (a) The codification process is vital to encrypt the computerized accounting data.

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41. (a) Amount realised from sale of stock = $17,500 + 15\% \text{ of } 17,500 = \text{Rs.}20,125$
42. (d) In case of dissolution of firm, if no information about payment of any liability, it is assumed to be paid on book value of liability. Hence amount paid to creditors = $\text{Rs.}20,000$
43. (d) As there is no liability on account of workmen compensation. So, Workmen compensation Reserve of $\text{Rs.}15,000$ will be distributed (credited) to Partner's Current A/cs equally.
44. (a) In case of fixed capital method, all the necessary adjustments are to be passed through current accounts of the partners. As there is dissolution of partnership firm, so it is required to transfer the current account balance of each partner to their capital account in order to settlement of accounts.
45. (b) Amount realised from sale of assets & recovery

Sale of Stock	20,125
Sale of furniture	30,000
Sale of Machine	50,000
Unrecorded Investment	34,000
Realisation from Debtors	22,500
Bad-debts recovered	1,200
	1,57,825

46. (d) Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{1,60,000}{1,00,000} = 1.6:1$
47. (a) Liquid Assets = Current Assets – Inventory
 $= 1,60,000 - 1,00,000 = \text{Rs.}60,000$
 Quick Ratio = $\frac{\text{Quick / Liquid Assets}}{\text{Current Liabilities}} = \frac{60,000}{1,00,000}$
 $= 0.6:1$
48. (c) Debt = Long term Debt = $13\% \text{ Debentures} = \text{Rs.}3,00,000$
 Equity = Shareholder funds = $\text{Rs.}4,00,000$
 Debt Equity Ratio = $\frac{\text{Debt}}{\text{Equity}} = \frac{3,00,000}{4,00,000} = 0.75:1$
49. (b) Net Profit before interest and tax = Net Profit before Tax + Interest on Long term Debts
 $= 3,51,000 + (13\% \text{ of } \text{Rs.}3,00,000) = \text{Rs.}3,90,000$
 Interest coverage ratio = $\frac{\text{Net Profit before interest}}{\text{Interest cost}} = \frac{3,90,000}{39,000} = 10 \text{ times}$
50. (d) Inventory Turnover ratio = $\frac{\text{Cost of Revenue from operations}}{\text{Average Inventory}} = \frac{5,00,000}{1,00,000} = 5 \text{ times}$

Note: In absence of information regarding 'Inventory in the beginning' and 'Inventory at the end', the 'Inventory' is treated as Average Inventory.