

**National Institute of Open Schooling (NIOS)
Senior Secondary
Worksheet-16**

L-16 FINANCIAL STATEMENTS: AN INTRODUCTION

1. Financial statements are prepared to ascertain the profits earned or losses incurred by a business concern during a specified period and also to ascertain its financial position at the end of that specified period. In connection to this statement explain the various objectives of preparing financial statements?
2. How do you explain the difference between capital expenditure and revenue expenditure to your friend?
3. Calculate cost of goods sold and gross profit from the following information. Sales – 66500, Sales Returns – 700, Opening Stock – 5600, Purchases – 31000, Direct Expenses - 3200, Closing Stock – 8200.
4. State the purpose for which trading account is prepared?
5. How will you compute gross profit/gross of a company?
6. The ledger balances extracted at the close of a trading year on 31st March, 2021 are given as follows :

Name of the Account	Amount (Rs.)
Opening stock	15,000
Purchases	50,000
Sales	84,000
Purchase Returns	1,000
Carriage Inward	550
Wages	5,200
Closing stock	13,000

Pass necessary journal entries in the journal proper.

7. Enumerate the concept of operating profit? Also state the formula for computing it.
8. How will you deal with the transactions that involve indirect expenses while preparing a profit and loss account?
9. Receipts of a company are of two types i.e capital and revenue. With reference to this statement, explain the differences between capital and revenue receipts.
10. What do you understand by deferred revenue expenditure? Explain it with the help of an example.