

Unit 5 - Week 3

Course outline

How to access the portal?

Pre-Requisite Assignment

Week 1

Week 2

Week 3

Transaction and Financial Statements

Transaction and Financial Statements

Lone Pine Cafe (Case)

Lone Pine Cafe (Case)

Quiz : Assignment 3

Decision making using financial accounting : Week 3 Feedback Form

Week 4

Week 5

Week 6

Week 7

Week 8

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Live Sessions

Assignment 3

The due date for submitting this assignment has passed. As per our records you have not submitted this assignment.

Due on 2019-08-21, 23:59 IST.

Following are the year ending account balances from the books of the XYZ and Co. Answer the questions from 1-6 using this data (all values are in INR)

Depreciation expense	57,500
Bad debts written off	21,000
Increase in provision of doubtful debts	18,000
Proposed dividend	15,000
Retained earnings	20,000
Liability for tax	4,000

1) Depreciation expense should be entered as an item in the _____

- Balance Sheet
 Profit and Loss statement
 Cash Flow statement
 None of these

No, the answer is incorrect.
Score: 0

Accepted Answers:
Profit and Loss statement

1 point

2) Bad debts written off should be entered in _____

- Cash flow statement
 Under the head liabilities in the Balance Sheet
 In the profit and loss statement
 None of these

No, the answer is incorrect.
Score: 0

Accepted Answers:
In the profit and loss statement

1 point

3) Retained earnings for the year is added to the _____ in the Balance Sheet

- Capital
 Investments
 Liabilities
 Current assets

No, the answer is incorrect.
Score: 0

Accepted Answers:
Capital

1 point

4) Proposed dividend should be shown in _____ statement

- Notes to accounts
 Balance Sheet
 Cash flow statement
 None of these

No, the answer is incorrect.
Score: 0

Accepted Answers:
Balance Sheet

1 point

5) An increase in provision for doubtful debts will lead to _____ in the profit

- Decrease in the profit
 Increase in the profit
 No change in the profit
 Double the profit

No, the answer is incorrect.
Score: 0

Accepted Answers:
Decrease in the profit

1 point

6) Liability for tax should be shown under the head _____

- Current assets
 Current liabilities
 Long term liabilities
 Miscellaneous expenditure and losses

No, the answer is incorrect.
Score: 0

Accepted Answers:
Current liabilities

1 point

7) Ascertain the profit of the firm from following figures

Particulars	Amount (INR)
Opening Inventory (01.01.20XX)	25,000
Goods purchased	130,000
Freight and packing on purchase	5,000
Closing Inventory (31.12.20XX)	15,000
Sales	190,000
Selling expenses on sales	9,000

- 36,000
 45,000
 50,000
 59,000

No, the answer is incorrect.
Score: 0

Accepted Answers:
36,000

1 point

8) A prepayment of insurance premium will appear in the balance sheet and in the Insurance Account respectively as:

- A liability and a debit balance
 An asset and a debit balance
 An asset and a credit balance
 None of the above

No, the answer is incorrect.
Score: 0

Accepted Answers:
An asset and a credit balance

1 point

9) If sales is INR 2,000 and the rate of gross profit on cost of goods sold is 25%, then cost of goods sold will be

- 2,000
 1,500
 1,600
 None of the above

No, the answer is incorrect.
Score: 0

Accepted Answers:
1,600

1 point

10) Sales for the year ended 31st March, 20XX amounted to INR 10,00,000. Sales included goods sold to Mr. A for INR 50,000 at a profit of 20% on cost.

The goods sold to Mr. A are still lying in the warehouse at the buyers risk. Therefore such goods be treated as part of

- Sales
 Closing Inventory
 Goods in transit
 Sales return

No, the answer is incorrect.
Score: 0

Accepted Answers:
Sales

1 point