

# Unit 9 - Week 7

## Course outline

### How to access the portal?

### Pre-Requisite Assignment

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### Week 2

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### Week 7

Financial Statement Analysis - 3

Financial Statement Analysis - 4

Recap

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Decision making using financial accounting : Week 7 Feedback

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## Assignment 7

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

**Due on 2019-09-18, 23:59 IST.**

1) Prateek cinema's private limited owns a movie theater. Only after being in the business for 6 years they realized that they should install 3-d movie projector. This will enable them to cast 3-d movie also. This projector will cost around INR 18,00,000. How should management account for this expense? **1 point**

- They should show the entire amount of expenditure (INR 18,00,000) in the statement of profit and loss.  
 They should show this projector as an asset worth INR 18,00,000 in the balance sheet.  
 Both option A and B

**No, the answer is incorrect.**  
**Score: 0**

**Accepted Answers:**

*They should show this projector as an asset worth INR 18,00,000 in the balance sheet.*

2) Arun and co is a manufacturing firm. It manufactures low grade aluminum meant to be used by industries serving household demands such as fridges, laptops and cars etc. The company decided to install a plant where it can produce high grade aluminum which can have defense applications. This plant will cost INR 500 crores. It will take 1 year to build it. The project will be financed 50 % by a long term debt offered at 12% and the rest is equity financed by Government of India. CFO of the firm asks you how should he account for the interest? **1 point**

- We should capitalize a sum of INR 30 crores and include it in the cost of plant and reflect it in balance sheet.  
 We should reflect this as an expense in statement of profit and loss account.  
 We should expense a sum of INR 60 crores in statement of profit and loss account.

**No, the answer is incorrect.**  
**Score: 0**

**Accepted Answers:**

*We should capitalize a sum of INR 30 crores and include it in the cost of plant and reflect it in balance sheet.*

Answer question 3 and 4 based on the following:

Following are some details which could be fetched after the office of Mr. X caught fire.

Balance as 01/04/2018	
Accounts receivable	INR 3,00,000
Accounts Payable	INR 1,50,000
Cash collected from debtors during the year	INR 3,50,000
Cash paid to vendors	INR 1,80,000
Balance as on 31/03/2019	
Accounts receivable	INR 2,50,000
Accounts Payable	INR 1,00,000

3) Based on above data, how much sales would have happened during the financial year 2018-19. **1 point**

- INR 3,00,000  
 INR 4,00,000  
 INR 2,00,000

**No, the answer is incorrect.**  
**Score: 0**

**Accepted Answers:**

*INR 3,00,000*

4) Based on the above data, how much purchases were recorded in statement of profit and loss? **1 point**

- INR 1,80,000  
 INR 70,000  
 INR 1,30,000

**No, the answer is incorrect.**  
**Score: 0**

**Accepted Answers:**

*INR 1,30,000*

5) XYZ Messer's and Co had made sales worth INR 56,000 to a debtor on 12<sup>th</sup> January 2018. The terms of sale were 2/10 net of 30. The debtor paid the sum on 21<sup>st</sup> January 2018. How much should cash account be debited with? **1 point**

- INR 51,120  
 INR 54,880  
 INR 54,800

**No, the answer is incorrect.**  
**Score: 0**

**Accepted Answers:**

*INR 54,880*

6) Mr. Arun, who is also a partner at Arun and Co withdrew a sum of INR 55,000 for his personal use . Which accounts will be affected by this transaction? **1 point**

- Cash and Drawings  
 Capital  
 Both Option A and B

**No, the answer is incorrect.**  
**Score: 0**

**Accepted Answers:**

*Both Option A and B*

7) Rentahouse and Co is in the business of subletting infrastructural properties to all sorts of customer .e.g. corporate, household etc. It's receipts from rent will be \_\_\_\_\_ activity. **1 point**

- Operating  
 Investing  
 Financing

**No, the answer is incorrect.**  
**Score: 0**

**Accepted Answers:**

*Operating*

8) Arun and co has received a sum INR 5,00,000 as dividends from it's subsidiary Prateek and co. This will be classified as \_\_\_\_\_ activity. **1 point**

- Operating  
 Investing  
 Financing

**No, the answer is incorrect.**  
**Score: 0**

**Accepted Answers:**

*Investing*

9) An investor is worried about the short term liquidity of a company. He wants your consultation with regards to it. As a consultant, among the following ratios, which ratio are you going to look at ? **1 point**

- Sales turnover ratio  
 Quick ratio  
 Debt to equity ratio

**No, the answer is incorrect.**  
**Score: 0**

**Accepted Answers:**

*Quick ratio*

10) Proposed dividends are reflected in\_\_\_\_\_.

- Balance Sheet  
 Statement of Profit and Loss  
 Both A and B

**No, the answer is incorrect.**  
**Score: 0**

**Accepted Answers:**

*Both A and B*