Assignment 3

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

Following is the year-end working capital analysis from the balance sheet of the PJC and Co. Answer the questions from 1-6 using the data (all values are in M)

Depreciation expense $1,500
Bad debt expense $200
P & L deficit $1,000
Profit before tax $2,000
Sales $5,000
Cost of goods sold $3,000
Gross Profit $2,000
Operating expenses $1,200
Profit after tax $800
Retained earning $1,000

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Current Assets</td>
<td>$10,000</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>$5,000</td>
</tr>
<tr>
<td>Net Working Capital</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

1. Depreciation expense should be entered as a bar in the ________ Statement.
   a) Balance Sheet
   b) Profit and Loss Statement
   c) Cash Flow Statement
   d) None of these
   
   1 point

2. Break even point should be entered in ________ Statement.
   a) Balance Sheet
   b) Profit and loss statement
   c) Cash Flow Statement
   d) None of these
   
   1 point

3. Total liabilities should be entered in ________ Statement.
   a) Cash Flow Statement
   b) Profit and Loss Statement
   c) Balance Sheet
   d) None of these
   
   1 point

4. Proposed dividend should be shown in ________ Statement.
   a) Reserve Fund
   b) Cash Flow Statement
   c) Profit and Loss Statement
   d) None of these
   
   1 point

5. An increase in provision for doubtful debts will lead to ________ in profit.
   a) Decrease in profit
   b) Increase in profit
   c) No effect in profit
   d) Double the profit
   
   1 point

6. For tax to be shown under the head ________.
   a) Current assets
   b) Current liabilities
   c) Long term liabilities
   d) Miscellaneous expenses and losses
   
   1 point

7. Assume the profits of the firm from following figures.

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit &amp; Loss Account</td>
<td>$800</td>
</tr>
<tr>
<td>Opening Inventory (31.3.2011)</td>
<td>$2,000</td>
</tr>
<tr>
<td>Closing Stock</td>
<td>$1,200</td>
</tr>
<tr>
<td>Freight &amp; packaging expenses</td>
<td>$500</td>
</tr>
<tr>
<td>Depreciation @10%</td>
<td>$200</td>
</tr>
<tr>
<td>Sales</td>
<td>$5,000</td>
</tr>
<tr>
<td>Selling &amp; administrative expenses</td>
<td>$900</td>
</tr>
<tr>
<td>________</td>
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<td>________</td>
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</tr>
</tbody>
</table>

   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
   b) Asset and a debit balance
   c) Asset and a credit balance
   d) None of the above
   
   1 point

9. If wages are ₹5,000 and the rate of gross profit on cost of goods sold is 25%, then cost of goods sold will be ________.
   a) ₹2,500
   b) ₹5,000
   c) ₹1,000
   d) None of these
   
   1 point

10. Sales for the year ended 31st March, 2016 amounted to ₹10,00,000. Sales includes goods sold to Mr. A for ₹45,000 at a profit of 50% on cost.

   a) Sales
   b) Closing inventory
   c) Goods in transit
   d) Sales return
   
   1 point

   1 point

Due on 2019-08-21, 22:00 IST.

*Note: The above questions are based on the balance sheet and profit & loss account of the PJC and Co.*