

IIT Delhi

B Tech – MS1. 302 – Managerial Accounting & Financial Management

Minor Test I – September 1, 2017

Max Marks: 20

Duration: 1 hour

1. The business assets of an organization amount to Rs. 50,000 but the debts that remain unpaid are Rs. 80,000. What course of action can the creditors take if

- (a) The organization is a sole proprietorship firm
- (b) The organization is a Private limited company? Explain giving reasons. **(2 Marks)**

2 Identify the underlying accounting principle: **(3 Marks)**

- (a) Accounting does not record health of the Chief Executive of the company.
- (b) Loss suffered by owner by disposing off his personal car is not recorded in books of the firm.
- (c) The method of depreciation chosen once should be used year after year.

3 Fill in the blanks **(2 Marks)**

(a) $\text{Cost of raw materials used} = \text{Opening stock of raw materials (+)} \text{-----} \text{(-) Closing stock of raw materials.}$

(b) Sales revenue minus Cost of goods sold is ----- .

4 Indicate whether the following statements are true or false with reason **(5 Marks)**

- (a) Balance sheet is a flow concept.
- (b) Profit and loss account is a stock concept.
- (c) Balance sheet indicates market value of the firm's total assets.
- (d) Totals of two sides of balance sheet always tally.
- (e) All types of loans are long term liabilities.

5. Prepare trading, profit and loss account and balance sheet

(5 Marks)

	Rs.
/ Capital	30,000
/ Drawings	6,000
/ Sales	50,000
/ Purchases	30,000
/ Office rent and lighting	4,000
/ Salaries	6,000
/ Shop fixtures, fittings	15,000
/ Amount due to suppliers	5,000
/ Amount due from customers	6,500
/ Cash in hand & bank	7,500
/ Opening stock	5,000
/ Wages	5,000

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Adjustments:

- / (1) Wages outstanding Rs 500
- / (2) Salaries paid in advance Rs500
- / (3) Provision for doubtful debts 5%
- / (4) Closing stock valued at Rs 3000

6. Determine the gross profit:

(3 Marks)

	Rs.
/ Opening stock	10,000
/ Sales	2,50,000
/ Purchases	1,50,000
/ Carriage on purchases	1,500
/ Freight on purchases	2,500
/ Sales returns	5,000
/ Clearing charges on purchases	11,000
/ Purchase returns	2,500
/ Closing stock	20,000