

IIT Delhi

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

Minor Test 2 – October 7, 2017

Max Marks: 20

Duration: 1 hour

1. Indicate whether the following statements are true or false with reason: (2 marks)

(a) Debt service coverage ratio is more rigorous test than acid-test ratio to assess short-term financial position of a business firm.

(b) Break-even point decreases with the decrease in selling price per unit, assuming no change in other parameters.

2. Assuming current ratio of a business firm is 2. State in each of the following cases whether the ratio will improve or decline or will have no change. (3 marks)

(a) Amount receivable from debtors = Rs.20000. Firm received Rs10000 in full and final settlement.

(b) Amount payable to creditors = Rs.30000. Firm paid Rs30000 to creditors.

(c) Sold of old machinery worth Rs 100000 at Rs 50000.

3. The following information is given: (6 marks)

Sales (1000 units) = Rs.200000

Variable cost = Rs140000

Cash Fixed cost = Rs25000

Total fixed cost = Rs30000

Calculate

(a) Break-even point in units.

(b) Calculate cash break-even point in Rs term.

(c) New break-even point in units term if selling price is reduced by 10%.

(d) Margin of safety in Rs term.

4. Explain the significance and objective of a breakeven chart and state the factors which would cause the break-even point to change. (4 marks)

OR

From the following details of a trader you are required to (4 marks)

(i) Prepare trading account and calculate the purchase for the year

(ii) Calculate Rate of stock turnover

(iii) Calculate Percentage of Gross profit to turnover

Sales Rs 33,984 Closing Stock Rs 1814
 Sales Returns Rs 380 Gross profit for the year Rs 8068
 Opening stock Rs 1378

5. Complete the following table: (3 marks)

Case	Future Value	Interest rate	Number of periods	Present value
A	10000	5%	5	
B		9%	20	246000
C	5000	7%		4080

6. Calculate closing stock (assume prepaid expenses nil): (2 marks)

Quick ratio = 1.5:1 Current ratio = 2:1

Current liabilities = Rs30000