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To pass you need at least 80%. We keep your latest score.

Graded Assignment

Qualified assessment

1. Where would 'accounts payable' most likely appear on a set of financial statements?

- ☐ On the income statement before operating profit
- ☐ On both the income statement and the balance sheet
- ☐ On the balance sheet under 'non-current liabilities'
- ☒ On the balance sheet under 'current liabilities'

✔ Correct

2. The purpose of the income statement is to:

- ☐ Show, at a particular date, the sources of funds provided to a business by shareholders and others and how these funds have been used
- ☒ Show the revenues, expenses and profit for the period
- ☐ Show where the business's cash has come from and where it has been spent
- ☐ Show the business's key assets and liabilities

✔ Correct

3. What is the best definition of a non-current asset?

- ☐ An asset purchased for immediate resale
- ☐ A short term expenditure
- ☒ An asset intended for use in the business for more than one year
- ☐ Current assets less current liabilities

✔ Correct

4. Within how many months of the balance sheet date is a current liability usually payable?

- ☐ 1 month
- ☐ 6 months
- ☐ 24 months
- ☒ 12 months

✔ Correct

5. What is the principal purpose of charging depreciation on property, plant, and equipment?

- ☒ To spread the cost of these assets over their estimated useful lives
- ☐ To show these assets at their market value
- ☐ To comply with the fundamental concept of prudence
- ☐ To ensure that sufficient funds are available to replace these non-current assets

✔ Correct

6. A piece of manufacturing equipment was purchased at the beginning of year 1 for an original cost of 50,000. Over it's useful life, the equipment is expected to produce 40,000 widgets as follows:

Year 1: 4,000 units

Year 2: 10,000 units

Year 3: 12,000 units

Year 4: 8,000 units

Year 5: 6,000 units

The asset will have a residual (scrap) value of 10% of its original cost at the end of year 5. The usage of the asset varies over time and is dependent on the output. What is the year 5 depreciation expense using the units of production approach?

- ☐ 5000
- ☐ 4500
- ☒ 6750
- ☐ 7500

✔ Correct

7. The purpose of the cash flow statement is to:

- ☐ To give a detailed breakdown of key items shown in the primary financial statements
- ☐ Show, at a particular date, the sources of funds provided to a business by shareholders and others and how these funds have been used
- ☒ Show where the business's cash has come from and where it has been spent
- ☐ Show the revenues, expenses and operating profit for the financial year

✔ Correct

8. If Beta Limited has opening PP&E balance of 150, a depreciation expense of 75, and a closing PP&E balance of 170, what is Beta's net capital expenditure (or CAPEX)?

- ☒ 95
- ☐ 245
- ☐ 55
- ☐ 395

✔ Correct

9. What is the net change in non-cash working capital that would appear on the cash flow statement given the following:

1. Increase in cash of \$500
2. Increase in accounts receivables of \$800
3. Decrease in inventories of \$350
4. Decrease in prepaid expenses of \$225
5. Increase in PP&E of \$950
6. Increase in accounts payable of \$400

- ☐ -\$50
- ☐ \$50
- ☐ -\$175
- ☒ \$175

✔ Correct

10. If ABC Inc. buys a piece of equipment for \$50,000, will use it in the business for 5 years and in 5 years expects to sell it for \$10,000. What should ABC Inc. show in its cash flow statement in the year of purchase?

- ☒ \$50,000 cash outflow under investing activities
- ☐ \$8,000 cash inflow under investing activities
- ☐ \$42,000 cash outflow under investing activities
- ☐ \$8,000 cash outflow under investing activities

✔ Correct

Assignment details

Due

Jan 17, 11:59 PM IST

Attempts

Unlimited

⌂ Retry

Submitted

Jan 3, 3:38 PM IST

Your grade

To pass you need at least 80%. We keep your latest score.

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