



# INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad - 500 043

## ELECTRONICS AND COMMUNICATION ENGINEERING

### ASSIGNMENT QUESTIONS

|                    |   |  |
|--------------------|---|--|
| Course Name        | : | MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS  |
| Course Code        | : | A60010   |
| Class              | : | III - B. Tech II Semester  |
| Branch             | : | Electronics and Communications Engineering   |
| Year               | : | 2017 – 2018  |
| Course Coordinator | : | Dr.J.S.V.GOPALA SARMA, Professor, MBA Department.  |
| Course Faculty     | : | Dr.J.S.V.GOPALA SARMA, Professor, MBA Department.<br>Mr. M. RAMESH, Assistant Professor, MBA Department. |

### OBJECTIVES

To meet the challenge of ensuring excellence in engineering education, the issue of quality needs to be addressed, debated and taken forward in a systematic manner. Accreditation is the principal means of quality assurance in higher education. The major emphasis of accreditation process is to measure the outcomes of the program that is being accredited.

In line with this, Faculty of Institute of Aeronautical Engineering, Hyderabad has taken a lead in incorporating philosophy of outcome based education in the process of problem solving and career development. So, all students of the institute should understand the depth and approach of course to be taught through this question bank, which will enhance learner's learning process.

| S. No                                     | Questions  | Blooms Taxonomy Level | Course Outcome |
|---|--|-----------------------|----------------|
| <b>ASSIGNMENT NO.1</b>                    |  |                       |                |
| <b>UNIT-I</b>                             |  |                       |                |
| <b>INTRODUCTION &amp; DEMAND ANALYSIS</b> |  |                       |                |
| 1   | Define Managerial Economics. Explain its nature and scope of Managerial Economics. | Remember              | 1              |
| 2   | Define Law of Demand. State the assumptions and Exceptions of Law of Demand.       | Remember              | 2              |
| 3   | Describe the determinants of Demand.   | Understand            | 2              |
| 4   | Explain the significance/Importance of Elasticity of Demand.                       | Remember              | 2              |
| 5   | Illustrate different types of Elasticity of Demand.                                | Understand            | 2              |
| 6   | Identify the factors which are influencing/governing Elasticity of Demand.         | Understand            | 2              |
| <b>UNIT-II</b>                            |  |                       |                |
| <b>PRODUCTION &amp; COST ANALYSIS</b>     |  |                       |                |
| 1   | Describe different types of Internal Economies.                                    | Understand            | 3              |
| 2   | Briefly explain different types of External Economies.                             | Remember              | 3              |
| 3   | Discuss the significance and limitations of Break-Even Analysis.                   | Understand            | 3              |
| 4   | Briefly Explain the classification of costs  | Understand            | 3              |

| S. No  | Questions  | Blooms Taxonomy Level | Course Outcome |             |             |          |          |              |        |        |            |   |
|--|--|-----------------------|----------------|-------------|-------------|----------|----------|--------------|--------|--------|------------|---|
| 5  | You are required to Determine i)P/V Ratio (ii) Break Even Point in Value ( iii) Sales required to earn a profit of Rs.4,50,000 and (iv) Profit when Sales are Rs.21,60,000 from the following information<br>Fixed Expenditure Rs.90,000<br>Variable Cost Per unit :<br>Direct Material       Rs.5<br>Direct Labour         Rs.2<br>Direct Overheads   100% of Direct Labour<br>Selling price per unit Rs.12.  | Understand            | 3              |             |             |          |          |              |        |        |            |   |
| 6  | The following data are available from the records of a company<br>Sales               Rs.60,000<br>Variable cost   Rs.30,000<br>Fixed Cost       RS.15,000<br>You are required to<br>i) Compute the P/V Ratio, Break-Even Point and Margin of Safety at this level.<br>ii) Compute the above with the effect of 10% increase in selling price.<br>iii) Compute the above with the effect of 10% decrease in selling price.   | Understand            | 3              |             |             |          |          |              |        |        |            |   |
| 7  | The Sales Turnover and profit during two years were given as follows:<br><table><tr><td><b>Years</b></td><td><b>2003</b></td><td><b>2004</b></td></tr><tr><td>Sales (Rs.)</td><td>1,00,000</td><td>1,20,000</td></tr><tr><td>Profit (Rs.)</td><td>15,000</td><td>23,000</td></tr></table><br>You are required to Compute the following:<br>i)P/V Ratio<br>ii) Fixed Cost<br>iii) Break Even Point (Value)<br>ii) Sales required to earn a profit of Rs.20,000<br>iii) Profit when Sales are Rs.1,25,000. | <b>Years</b>          | <b>2003</b>    | <b>2004</b> | Sales (Rs.) | 1,00,000 | 1,20,000 | Profit (Rs.) | 15,000 | 23,000 | Understand | 3 |
| <b>Years</b>   | <b>2003</b>  | <b>2004</b>           |                |             |             |          |          |              |        |        |            |   |
| Sales (Rs.)  | 1,00,000   | 1,20,000              |                |             |             |          |          |              |        |        |            |   |
| Profit (Rs.)   | 15,000   | 23,000                |                |             |             |          |          |              |        |        |            |   |
| <b>UNIT-III</b><br><b>MARKETS &amp; NEW ECONOMIC ENVIRONMENT</b>                           |  |                       |                |             |             |          |          |              |        |        |            |   |
| 1  | Define Perfect Competition. List out the features of Perfect Competition?  | Remember              | 4              |             |             |          |          |              |        |        |            |   |
| 2  | Define Monopoly. Discuss the features of Monopoly?   | Understand            | 4              |             |             |          |          |              |        |        |            |   |
| 3  | How to determine price under Perfect Competition? Illustrate.  | Understand            | 4              |             |             |          |          |              |        |        |            |   |
| 4  | Discuss price-output determination in case of Monopoly.  | Understand            | 4              |             |             |          |          |              |        |        |            |   |
| 5  | How to determine price- output in case of Monopolistic Competition? Discuss.   | Remember              | 4              |             |             |          |          |              |        |        |            |   |
| <b>ASSIGNMENT NO.2</b><br><b>UNIT-III</b><br><b>MARKETS &amp; NEW ECONOMIC ENVIRONMENT</b> |  |                       |                |             |             |          |          |              |        |        |            |   |
| 1  | Define Business. Explain its characteristics.  | Remember              | 5              |             |             |          |          |              |        |        |            |   |
| 2  | Define Sole Trading. Describe the features, merits and demerits of Sole Trading?   | Understand            | 5              |             |             |          |          |              |        |        |            |   |
| 3  | Define Partnership. State the features, merits and demerits of Partnership?  | Remember              | 5              |             |             |          |          |              |        |        |            |   |
| 4  | Define Joint Stock Company. Illustrate the features, merits and demerits of Joint Stock Company.   | Understand            | 5              |             |             |          |          |              |        |        |            |   |
| 5  | Distinguish between public company and private company.  | Understand            | 5              |             |             |          |          |              |        |        |            |   |
| <b>UNIT-IV</b><br><b>CAPITAL BUDGETING</b>   |  |                       |                |             |             |          |          |              |        |        |            |   |
| 1  | Define Capital. Explain its significance.  | Remember              | 6              |             |             |          |          |              |        |        |            |   |
| 2  | Describe different types of capital.   | Understand            | 6              |             |             |          |          |              |        |        |            |   |
| 3  | Discuss the factors which are influenced on working capital requirement.   | Understand            | 6              |             |             |          |          |              |        |        |            |   |
| 4  | Define Capital Budgeting. Illustrate the significance and limitations of Capital Budgeting.  | Remember              | 6              |             |             |          |          |              |        |        |            |   |

| S. No | Questions  | Blooms Taxonomy Level  | Course Outcome         |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
|-------|--|------------------------|------------------------|------------------------|------------------------|---|--------|--------|--------|---|--------|--------|--------|---|--------|--------|--------|---|--------|--------|--------|-------|--------|--------|--------|------------|-------|-------|-------|---|--------|-------|-------|---|--------|-------|-------|---|--------|-------|-------|----|-------|-------|-------|------------|---|
| 5     | <p>The cost of a project is Rs.50,000 and annual cash inflows for the next five years are given as follows:</p> <p>1<sup>st</sup> year Rs.25,000<br/> 2<sup>nd</sup> year Rs.25,000<br/> 3<sup>rd</sup> year Rs.25,000<br/> 4<sup>th</sup> year Rs.25,000<br/> 5<sup>th</sup> year Rs.25,000<br/> Total <u>125,000</u></p> <p>What is the pay-back period for the project?</p>   | Remember               | 6                      |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 6     | <p>A firm is considering two projects each with an initial investment of Rs.20,000 and a life of 4 years. The following is the list of estimated cash inflows after taxes and depreciation.</p> <table border="1"> <thead> <tr> <th>Years</th><th>Proposal-I</th><th>Proposal-II</th><th>Proposal-III</th></tr> </thead> <tbody> <tr> <td>1</td><td>12,500</td><td>11,750</td><td>13,500</td></tr> <tr> <td>2</td><td>12,500</td><td>12,250</td><td>12,500</td></tr> <tr> <td>3</td><td>12,500</td><td>12,500</td><td>12,250</td></tr> <tr> <td>4</td><td>12,500</td><td>13,500</td><td>11,750</td></tr> <tr> <td>Total</td><td>50,000</td><td>50,000</td><td>50,000</td></tr> </tbody> </table> <p>Predict Accounting Rate of Return on (i) Average Capital<br/> (ii) Original Capital Employed.</p>  | Years                  | Proposal-I             | Proposal-II            | Proposal-III           | 1 | 12,500 | 11,750 | 13,500 | 2 | 12,500 | 12,250 | 12,500 | 3 | 12,500 | 12,500 | 12,250 | 4 | 12,500 | 13,500 | 11,750 | Total | 50,000 | 50,000 | 50,000 | Understand | 6     |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| Years | Proposal-I   | Proposal-II            | Proposal-III           |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 1     | 12,500   | 11,750                 | 13,500                 |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 2     | 12,500   | 12,250                 | 12,500                 |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 3     | 12,500   | 12,500                 | 12,250                 |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 4     | 12,500   | 13,500                 | 11,750                 |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| Total | 50,000   | 50,000                 | 50,000                 |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 7     | <p>A Company has an investment opportunity costing Rs.40,000 with the following expected net cash flow after taxes and before depreciation.</p> <table border="1"> <thead> <tr> <th>Years</th><th>Net Cash Flows (Rs.)</th><th>P.V. of Rs.1 @ 10% D.f</th><th>P.V. of Rs.1 @ 15% D.f</th></tr> </thead> <tbody> <tr><td>1</td><td>7,000</td><td>0.909</td><td>0.870</td></tr> <tr><td>2</td><td>7,000</td><td>0.826</td><td>0.756</td></tr> <tr><td>3</td><td>7,000</td><td>0.751</td><td>0.658</td></tr> <tr><td>4</td><td>7,000</td><td>0.683</td><td>0.572</td></tr> <tr><td>5</td><td>7,000</td><td>0.621</td><td>0.497</td></tr> <tr><td>6</td><td>8,000</td><td>0.564</td><td>0.432</td></tr> <tr><td>7</td><td>10,000</td><td>0.513</td><td>0.376</td></tr> <tr><td>8</td><td>15,000</td><td>0.467</td><td>0.327</td></tr> <tr><td>9</td><td>10,000</td><td>0.424</td><td>0.284</td></tr> <tr><td>10</td><td>4,000</td><td>0.386</td><td>0.247</td></tr> </tbody> </table> <p>Using 10% as the cost of capital, Compute i) Pay- back period. (ii) Net Present Value @ 10% D.f. and 15% D.f. iii) Profitability Index @ 10% D.f. and iv) IRR with the help of 10% and 15% D.f.</p> | Years                  | Net Cash Flows (Rs.)   | P.V. of Rs.1 @ 10% D.f | P.V. of Rs.1 @ 15% D.f | 1 | 7,000  | 0.909  | 0.870  | 2 | 7,000  | 0.826  | 0.756  | 3 | 7,000  | 0.751  | 0.658  | 4 | 7,000  | 0.683  | 0.572  | 5     | 7,000  | 0.621  | 0.497  | 6          | 8,000 | 0.564 | 0.432 | 7 | 10,000 | 0.513 | 0.376 | 8 | 15,000 | 0.467 | 0.327 | 9 | 10,000 | 0.424 | 0.284 | 10 | 4,000 | 0.386 | 0.247 | Understand | 6 |
| Years | Net Cash Flows (Rs.)   | P.V. of Rs.1 @ 10% D.f | P.V. of Rs.1 @ 15% D.f |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 1     | 7,000  | 0.909                  | 0.870                  |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 2     | 7,000  | 0.826                  | 0.756                  |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 3     | 7,000  | 0.751                  | 0.658                  |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 4     | 7,000  | 0.683                  | 0.572                  |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 5     | 7,000  | 0.621                  | 0.497                  |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 6     | 8,000  | 0.564                  | 0.432                  |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 7     | 10,000   | 0.513                  | 0.376                  |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 8     | 15,000   | 0.467                  | 0.327                  |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 9     | 10,000   | 0.424                  | 0.284                  |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 10    | 4,000  | 0.386                  | 0.247                  |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
|       | <p align="center"><b>UNIT-V</b><br/> <b>INTRODUCTION TO FINANCIAL ACCOUNTING &amp; FINANCIAL ANALYSIS</b></p>  |                        |                        |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 1.    | Define Financial Accounting. Explain the importance and Limitations of Financial Accounting.   | Remember               | 7                      |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 2.    | Define Account. Illustrate different types and principles of Accounts (Rules of Debit and Credit).   | Understand             | 7                      |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 3.    | Define Double Entry System. Describe the advantages and Disadvantages of Double Entry System.  | Understand             | 7                      |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 4.    | List out different types of Accounting Concepts.   | Understand             | 7                      |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 5.    | List out different types of Accounting Conventions.  | Understand             | 7                      |                        |                        |   |        |        |        |   |        |        |        |   |        |        |        |   |        |        |        |       |        |        |        |            |       |       |       |   |        |       |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |

| S. No                       | Questions  | Blooms Taxonomy Level | Course Outcome      |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
|-----------------------------|--|-----------------------|---------------------|----------------------|----------------------|----------------------|---------------------------------|-------------------------|---------------------------------|-----------------|--------------------|-------------------------|--------------------------|-------------------|---------------------------|-----------------------|---------------------------|----------------|----------------------------|-----------------------|-------------------------|----------------------|----------------------------|---------------------------|------------------------|--------------------|------------------------|------------------------|----------------------|--------------------|--|-----------------------------|------|------------|--------|--|----|-------|--|--|----------|----|-----------|--|----------|--|----|-----------------|--|--------|--|-----|-----------------|--|----------|--|-----|----------|--|--------|--|-----|---------|--|--------|--------|-----|----------------------|--|--------|--|-----|------------------|--|--|--------|-----|---------|--|--|----------|-----|-----------|--|--------|--|-----|----------------|--|--------|--|------------|---|
| 6.                          | Define Ratio Analysis. Describe the advantages/ significance and limitations of Ratio Analysis.  | Remember              | 8                   |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 7                           | Write Journal Entries in the books of Mr. Bhavani Sankar from the following transactions<br>2002, Jan.1 <sup>st</sup> Business commenced with Rs.15,000<br>Jan.2 <sup>nd</sup> . Cash paid into bank Rs.10,000<br>Jan. 3 <sup>rd</sup> .Sold goods for cash Rs.7,000<br>Jan. 4 <sup>th</sup> . Purchased goods from Vijay Rs.3,000<br>Jan. 5 <sup>th</sup> . Machinery Purchased for Rs.5,000<br>Jan.30 <sup>th</sup> Rent paid Rs.2,000<br>Jan 31 <sup>st</sup> Depreciation charged on Machinery Rs.3,000<br>Jan 31 <sup>st</sup> Depreciation charged on Furniture Rs.500   | Understand            | 8                   |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 8                           | Prepare Trial Balance of Mr.Ravikumar as on 31.12.2005 from the following balances:<br><table><tr><td>Rs.</td><td>Rs.</td></tr><tr><td>1. Capital 32,000</td><td>16. Creditors 12,500</td></tr><tr><td>2. Machinery 30,000</td><td>17. Returns Outwards(P/R) 2,000</td></tr><tr><td>3. Opening Stock 16,000</td><td>18. Returns Inwards (S/R) 3,600</td></tr><tr><td>4. Wages 50,000</td><td>19. Drawings 2,000</td></tr><tr><td>5. Carriage inwards 500</td><td>20. Discount Allowed 750</td></tr><tr><td>6. Salaries 5,000</td><td>21. Discount Received 250</td></tr><tr><td>7. Factory Rent 2,400</td><td>22. Office Expenses 1,000</td></tr><tr><td>8. Repairs 400</td><td>23. Manufacturing Exp. 600</td></tr><tr><td>9. Fuel &amp; Power 2,500</td><td>24. Bills Payable 6,500</td></tr><tr><td>10. Buildings 40,000</td><td>25. Bills Receivable 5,000</td></tr><tr><td>11. Sundry Debtors 20,000</td><td>26. Cash in Hand 2,400</td></tr><tr><td>12. Sales 2,03,600</td><td>27.Cash at Bank 15,400</td></tr><tr><td>13. Purchases 1,22,000</td><td>28.Office Rent 1,800</td></tr><tr><td>14. Bank O.D 2,000</td><td></td></tr><tr><td>15. Suspense A/c (Cr)59,300</td><td></td></tr></table>  | Rs.                   | Rs.                 | 1. Capital 32,000    | 16. Creditors 12,500 | 2. Machinery 30,000  | 17. Returns Outwards(P/R) 2,000 | 3. Opening Stock 16,000 | 18. Returns Inwards (S/R) 3,600 | 4. Wages 50,000 | 19. Drawings 2,000 | 5. Carriage inwards 500 | 20. Discount Allowed 750 | 6. Salaries 5,000 | 21. Discount Received 250 | 7. Factory Rent 2,400 | 22. Office Expenses 1,000 | 8. Repairs 400 | 23. Manufacturing Exp. 600 | 9. Fuel & Power 2,500 | 24. Bills Payable 6,500 | 10. Buildings 40,000 | 25. Bills Receivable 5,000 | 11. Sundry Debtors 20,000 | 26. Cash in Hand 2,400 | 12. Sales 2,03,600 | 27.Cash at Bank 15,400 | 13. Purchases 1,22,000 | 28.Office Rent 1,800 | 14. Bank O.D 2,000 |  | 15. Suspense A/c (Cr)59,300 |      | Understand | 9      |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| Rs.                         | Rs.  |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 1. Capital 32,000           | 16. Creditors 12,500   |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 2. Machinery 30,000         | 17. Returns Outwards(P/R) 2,000  |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 3. Opening Stock 16,000     | 18. Returns Inwards (S/R) 3,600  |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 4. Wages 50,000             | 19. Drawings 2,000   |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 5. Carriage inwards 500     | 20. Discount Allowed 750   |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 6. Salaries 5,000           | 21. Discount Received 250  |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 7. Factory Rent 2,400       | 22. Office Expenses 1,000  |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 8. Repairs 400              | 23. Manufacturing Exp. 600   |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 9. Fuel & Power 2,500       | 24. Bills Payable 6,500  |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 10. Buildings 40,000        | 25. Bills Receivable 5,000   |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 11. Sundry Debtors 20,000   | 26. Cash in Hand 2,400   |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 12. Sales 2,03,600          | 27.Cash at Bank 15,400   |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 13. Purchases 1,22,000      | 28.Office Rent 1,800   |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 14. Bank O.D 2,000          |  |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 15. Suspense A/c (Cr)59,300 |  |                       |                     |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 9                           | From the following Trial Balance and Adjustments, show Trading and Profit& Loss Account for the year ending 31-12-2003 and Balance Sheet as on that date in the books of Mr. Vijay.<br><table><tr><th>Sl. No.</th><th>Heads of Accounts</th><th>L.F</th><th>Debit Balance (Rs.)</th><th>Credit Balance (Rs.)</th></tr><tr><td>1.</td><td>Electricity</td><td></td><td>14,000</td><td></td></tr><tr><td>2.</td><td>Discount</td><td></td><td></td><td>22,000</td></tr><tr><td>3.</td><td>Interest</td><td></td><td>16,000</td><td></td></tr><tr><td>4.</td><td>Wages</td><td></td><td>50,000</td><td></td></tr><tr><td>5.</td><td>Opening Stock</td><td></td><td>20,000</td><td></td></tr><tr><td>6.</td><td>Rent</td><td></td><td>24,000</td><td></td></tr><tr><td>7.</td><td>Sales</td><td></td><td></td><td>8,00,000</td></tr><tr><td>8.</td><td>Purchases</td><td></td><td>3,00,000</td><td></td></tr><tr><td>9.</td><td>Office Expenses</td><td></td><td>30,000</td><td></td></tr><tr><td>10.</td><td>Land &amp; Building</td><td></td><td>5,40,000</td><td></td></tr><tr><td>11.</td><td>Salaries</td><td></td><td>90,000</td><td></td></tr><tr><td>12.</td><td>Returns</td><td></td><td>20,000</td><td>10,000</td></tr><tr><td>13.</td><td>Power, Gas and Water</td><td></td><td>30,000</td><td></td></tr><tr><td>14.</td><td>Sundry Creditors</td><td></td><td></td><td>60,000</td></tr><tr><td>15.</td><td>Capital</td><td></td><td></td><td>3,02,000</td></tr><tr><td>16.</td><td>Furniture</td><td></td><td>15,000</td><td></td></tr><tr><td>17.</td><td>Sundry Debtors</td><td></td><td>60,000</td><td></td></tr></table> | Sl. No.               | Heads of Accounts   | L.F                  | Debit Balance (Rs.)  | Credit Balance (Rs.) | 1.                              | Electricity             |                                 | 14,000          |                    | 2.                      | Discount                 |                   |                           | 22,000                | 3.                        | Interest       |                            | 16,000                |                         | 4.                   | Wages                      |                           | 50,000                 |                    | 5.                     | Opening Stock          |                      | 20,000             |  | 6.                          | Rent |            | 24,000 |  | 7. | Sales |  |  | 8,00,000 | 8. | Purchases |  | 3,00,000 |  | 9. | Office Expenses |  | 30,000 |  | 10. | Land & Building |  | 5,40,000 |  | 11. | Salaries |  | 90,000 |  | 12. | Returns |  | 20,000 | 10,000 | 13. | Power, Gas and Water |  | 30,000 |  | 14. | Sundry Creditors |  |  | 60,000 | 15. | Capital |  |  | 3,02,000 | 16. | Furniture |  | 15,000 |  | 17. | Sundry Debtors |  | 60,000 |  | Understand | 9 |
| Sl. No.                     | Heads of Accounts  | L.F                   | Debit Balance (Rs.) | Credit Balance (Rs.) |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 1.                          | Electricity  |                       | 14,000              |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 2.                          | Discount   |                       |                     | 22,000               |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 3.                          | Interest   |                       | 16,000              |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 4.                          | Wages  |                       | 50,000              |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 5.                          | Opening Stock  |                       | 20,000              |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 6.                          | Rent   |                       | 24,000              |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 7.                          | Sales  |                       |                     | 8,00,000             |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 8.                          | Purchases  |                       | 3,00,000            |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 9.                          | Office Expenses  |                       | 30,000              |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 10.                         | Land & Building  |                       | 5,40,000            |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 11.                         | Salaries   |                       | 90,000              |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 12.                         | Returns  |                       | 20,000              | 10,000               |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 13.                         | Power, Gas and Water   |                       | 30,000              |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 14.                         | Sundry Creditors   |                       |                     | 60,000               |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 15.                         | Capital  |                       |                     | 3,02,000             |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 16.                         | Furniture  |                       | 15,000              |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |
| 17.                         | Sundry Debtors   |                       | 60,000              |                      |                      |                      |                                 |                         |                                 |                 |                    |                         |                          |                   |                           |                       |                           |                |                            |                       |                         |                      |                            |                           |                        |                    |                        |                        |                      |                    |  |                             |      |            |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |            |   |

|                             | <table><tr><td>18.</td><td>Bills Payable</td><td></td><td></td><td>15,000</td></tr><tr><td></td><td>TOTAL</td><td></td><td>12,09,000</td><td>12,09,000</td></tr></table> <p>Adjustments:<br/>1. Closing Stock Rs.80,000.<br/>2. Outstanding Salaries Rs.10,000.<br/>3. Depreciate Buildings by 10% p.a.</p>  | 18.                   | Bills Payable |           |              | 15,000               |           | TOTAL          |          | 12,09,000                   | 12,09,000 |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
|-----------------------------|--|-----------------------|---------------|-----------|--------------|----------------------|-----------|----------------|----------|-----------------------------|-----------|-------------------|----------|-----------------|----------|-------------------|----------|-------------------|----------|-----------|----------|----------------|----------|------------------|----------|-----------|--------|-------------------|--------|----------------|--------|---------|----------|---------------|----------|--------------|----------|------------------------|----------|-----------------------|--------|--|-----------|--|-----------|------------|----|
| 18.                         | Bills Payable  |                       |               | 15,000    |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
|                             | TOTAL  |                       | 12,09,000     | 12,09,000 |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| 10                          | <p>You are required to compute i) Debt Equity Ratio ii) Proprietary Ratio iii) Fixed Assets Ratio iv) Interest Coverage Ratio from the following Balance Sheet.</p> <table><tr><th>Liabilities</th><th>Amount (Rs.)</th><th>Assets</th><th>Amount (Rs.)</th></tr><tr><td>Equity Share Capital</td><td>10,00,000</td><td>Goodwill</td><td>5,00,000</td></tr><tr><td>6% Preference Share Capital</td><td>5,00,000</td><td>Plant&amp; Machinery</td><td>6,00,000</td></tr><tr><td>General Reserve</td><td>1,00,000</td><td>Land &amp; Building</td><td>7,00,000</td></tr><tr><td>Surplus (P&amp;L A/c)</td><td>4,00,000</td><td>Furniture</td><td>1,00,000</td></tr><tr><td>12% Debentures</td><td>5,00,000</td><td>Stock- in -Trade</td><td>6,00,000</td></tr><tr><td>Creditors</td><td>80,000</td><td>Bills Receivables</td><td>30,000</td></tr><tr><td>Bank Overdraft</td><td>20,000</td><td>Debtors</td><td>1,50,000</td></tr><tr><td>Bills Payable</td><td>1,24,000</td><td>Bank Balance</td><td>2,00,000</td></tr><tr><td>Provision for Taxation</td><td>1,76,000</td><td>Marketable Securities</td><td>20,000</td></tr><tr><td></td><td>29,00,000</td><td></td><td>29,00,000</td></tr></table> <p><b>Other Information: Earnings Before Interest and Taxes (EBIT) Rs. 5,00,000</b></p> | Liabilities           | Amount (Rs.)  | Assets    | Amount (Rs.) | Equity Share Capital | 10,00,000 | Goodwill       | 5,00,000 | 6% Preference Share Capital | 5,00,000  | Plant& Machinery  | 6,00,000 | General Reserve | 1,00,000 | Land & Building   | 7,00,000 | Surplus (P&L A/c) | 4,00,000 | Furniture | 1,00,000 | 12% Debentures | 5,00,000 | Stock- in -Trade | 6,00,000 | Creditors | 80,000 | Bills Receivables | 30,000 | Bank Overdraft | 20,000 | Debtors | 1,50,000 | Bills Payable | 1,24,000 | Bank Balance | 2,00,000 | Provision for Taxation | 1,76,000 | Marketable Securities | 20,000 |  | 29,00,000 |  | 29,00,000 | Understand | 10 |
| Liabilities                 | Amount (Rs.)   | Assets                | Amount (Rs.)  |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Equity Share Capital        | 10,00,000  | Goodwill              | 5,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| 6% Preference Share Capital | 5,00,000   | Plant& Machinery      | 6,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| General Reserve             | 1,00,000   | Land & Building       | 7,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Surplus (P&L A/c)           | 4,00,000   | Furniture             | 1,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| 12% Debentures              | 5,00,000   | Stock- in -Trade      | 6,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Creditors                   | 80,000   | Bills Receivables     | 30,000        |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Bank Overdraft              | 20,000   | Debtors               | 1,50,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Bills Payable               | 1,24,000   | Bank Balance          | 2,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Provision for Taxation      | 1,76,000   | Marketable Securities | 20,000        |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
|                             | 29,00,000  |                       | 29,00,000     |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| 11                          | <p>You are required to compute i) Current Ratio ii) Quick Ratio / Acid Test Ratio iii) Absolute Quick Ratio from the following Balance Sheet.</p> <table><tr><th>Liabilities</th><th>Amount (Rs.)</th><th>Assets</th><th>Amount (Rs.)</th></tr><tr><td>Equity Share Capital</td><td>10,00,000</td><td>Goodwill</td><td>5,00,000</td></tr><tr><td>6% Preference Share Capital</td><td>5,00,000</td><td>Plant&amp; Machinery</td><td>6,00,000</td></tr><tr><td>General Reserve</td><td>1,00,000</td><td>Land &amp; Building</td><td>7,00,000</td></tr><tr><td>Profit &amp; Loss A/c</td><td>4,00,000</td><td>Furniture</td><td>1,00,000</td></tr><tr><td>12% Debentures</td><td>5,00,000</td><td>Stock- in -Trade</td><td>6,00,000</td></tr><tr><td>Creditors</td><td>80,000</td><td>Bills Receivables</td><td>30,000</td></tr><tr><td>Bank Overdraft</td><td>20,000</td><td>Debtors</td><td>1,50,000</td></tr><tr><td>Bills Payable</td><td>1,24,000</td><td>Bank Balance</td><td>2,00,000</td></tr><tr><td>Provision for Taxation</td><td>1,76,000</td><td>Marketable Securities</td><td>20,000</td></tr><tr><td></td><td>29,00,000</td><td></td><td>29,00,000</td></tr></table>   | Liabilities           | Amount (Rs.)  | Assets    | Amount (Rs.) | Equity Share Capital | 10,00,000 | Goodwill       | 5,00,000 | 6% Preference Share Capital | 5,00,000  | Plant& Machinery  | 6,00,000 | General Reserve | 1,00,000 | Land & Building   | 7,00,000 | Profit & Loss A/c | 4,00,000 | Furniture | 1,00,000 | 12% Debentures | 5,00,000 | Stock- in -Trade | 6,00,000 | Creditors | 80,000 | Bills Receivables | 30,000 | Bank Overdraft | 20,000 | Debtors | 1,50,000 | Bills Payable | 1,24,000 | Bank Balance | 2,00,000 | Provision for Taxation | 1,76,000 | Marketable Securities | 20,000 |  | 29,00,000 |  | 29,00,000 | Understand | 10 |
| Liabilities                 | Amount (Rs.)   | Assets                | Amount (Rs.)  |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Equity Share Capital        | 10,00,000  | Goodwill              | 5,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| 6% Preference Share Capital | 5,00,000   | Plant& Machinery      | 6,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| General Reserve             | 1,00,000   | Land & Building       | 7,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Profit & Loss A/c           | 4,00,000   | Furniture             | 1,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| 12% Debentures              | 5,00,000   | Stock- in -Trade      | 6,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Creditors                   | 80,000   | Bills Receivables     | 30,000        |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Bank Overdraft              | 20,000   | Debtors               | 1,50,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Bills Payable               | 1,24,000   | Bank Balance          | 2,00,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Provision for Taxation      | 1,76,000   | Marketable Securities | 20,000        |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
|                             | 29,00,000  |                       | 29,00,000     |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| 12                          | <p>From the following Balance Sheet, You are required to predict (1) Debt-Equity Ratio (2) Proprietary Ratio (3) Stock / Inventory Turnover Ratio (4) Average collection Period. (5) Current Ratio (6) Acid-Test Ratio / Quick Ratio.</p> <p>Balance Sheet of M/s. XYZ Ltd as on 31<sup>st</sup> March, 2003.</p> <table><tr><th>Liabilities</th><th>Amount (Rs.)</th><th>Assets</th><th>Amount(Rs.)</th></tr><tr><td>Share Capital</td><td>1,00,000</td><td>Land Buildings</td><td>1,25,000</td></tr><tr><td>Reserves &amp; Surplus</td><td>65,000</td><td>Plant &amp; Machinery</td><td>75,000</td></tr><tr><td>5% Debentures</td><td>1,00,000</td><td>Stock / Inventory</td><td>50,000</td></tr></table>  | Liabilities           | Amount (Rs.)  | Assets    | Amount(Rs.)  | Share Capital        | 1,00,000  | Land Buildings | 1,25,000 | Reserves & Surplus          | 65,000    | Plant & Machinery | 75,000   | 5% Debentures   | 1,00,000 | Stock / Inventory | 50,000   | Understand        | 10       |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Liabilities                 | Amount (Rs.)   | Assets                | Amount(Rs.)   |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Share Capital               | 1,00,000   | Land Buildings        | 1,25,000      |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| Reserves & Surplus          | 65,000   | Plant & Machinery     | 75,000        |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |
| 5% Debentures               | 1,00,000   | Stock / Inventory     | 50,000        |           |              |                      |           |                |          |                             |           |                   |          |                 |          |                   |          |                   |          |           |          |                |          |                  |          |           |        |                   |        |                |        |         |          |               |          |              |          |                        |          |                       |        |  |           |  |           |            |    |

|                                    |  |                      |                 |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
|------------------------------------|--|----------------------|-----------------|-------------|------------|------------------|------------|------------------|--------|--------------|----------|--------------|--------|------------------|--------|----------------------|--------|--|----------|-----------------|----------|--|--|--|-----------------|--|-----------------|----------------------------|--------|-----------------|--------|------------------------------------|-------|-------------------|-------|---------------|--------|--|--|--|---------------|--|---------------|----------|----|
|                                    | <table><tr><td>Bills Payable</td><td>7,000</td><td>Book Debts</td><td>10,000</td></tr><tr><td>Sundry Creditors</td><td>18,000</td><td>Bills Receivable</td><td>5,000</td></tr><tr><td></td><td></td><td>Cash at Bank</td><td>20,000</td></tr><tr><td></td><td></td><td>Preliminary Expenses</td><td>5,000</td></tr><tr><td></td><td>2,90,000</td><td></td><td>2,90,000</td></tr></table>   | Bills Payable        | 7,000           | Book Debts  | 10,000     | Sundry Creditors | 18,000     | Bills Receivable | 5,000  |              |          | Cash at Bank | 20,000 |                  |        | Preliminary Expenses | 5,000  |  | 2,90,000 |                 | 2,90,000 |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
| Bills Payable                      | 7,000  | Book Debts           | 10,000          |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
| Sundry Creditors                   | 18,000   | Bills Receivable     | 5,000           |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
|                                    |  | Cash at Bank         | 20,000          |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
|                                    |  | Preliminary Expenses | 5,000           |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
|                                    | 2,90,000   |                      | 2,90,000        |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
|                                    | Other Information: Sales for the year Rs.6,00,000  |                      |                 |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
| 13                                 | <p>You are required to Compute i) Gross Profit Ratio ii) Net Profit Ratio iii) Operating Ratio iv) Operating Profit Ratio from the following Trading and Profit&amp; Loss Account.</p> <table><tr><td>Particulars</td><td>Amount Rs.</td><td>Particulars</td><td>Amount Rs.</td></tr><tr><td>To Opening Stock</td><td>30,000</td><td>By Net Sales</td><td>1,10,000</td></tr><tr><td>To Purchases</td><td>60,000</td><td>By Closing Stock</td><td>20,000</td></tr><tr><td>To Wages</td><td>10,000</td><td></td><td></td></tr><tr><td>To Gross Profit</td><td>30,000</td><td></td><td></td></tr><tr><td></td><td><b>1,30,000</b></td><td></td><td><b>1,30,000</b></td></tr><tr><td>To Administrative Expenses</td><td>10,000</td><td>By Gross Profit</td><td>30,000</td></tr><tr><td>To Selling &amp; Distribution Expenses</td><td>5,000</td><td>By Sundry Receipt</td><td>5,000</td></tr><tr><td>To Net Profit</td><td>20,000</td><td></td><td></td></tr><tr><td></td><td><b>35,000</b></td><td></td><td><b>35,000</b></td></tr></table> |                      |                 | Particulars | Amount Rs. | Particulars      | Amount Rs. | To Opening Stock | 30,000 | By Net Sales | 1,10,000 | To Purchases | 60,000 | By Closing Stock | 20,000 | To Wages             | 10,000 |  |          | To Gross Profit | 30,000   |  |  |  | <b>1,30,000</b> |  | <b>1,30,000</b> | To Administrative Expenses | 10,000 | By Gross Profit | 30,000 | To Selling & Distribution Expenses | 5,000 | By Sundry Receipt | 5,000 | To Net Profit | 20,000 |  |  |  | <b>35,000</b> |  | <b>35,000</b> | Remember | 10 |
| Particulars                        | Amount Rs.   | Particulars          | Amount Rs.      |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
| To Opening Stock                   | 30,000   | By Net Sales         | 1,10,000        |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
| To Purchases                       | 60,000   | By Closing Stock     | 20,000          |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
| To Wages                           | 10,000   |                      |                 |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
| To Gross Profit                    | 30,000   |                      |                 |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
|                                    | <b>1,30,000</b>  |                      | <b>1,30,000</b> |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
| To Administrative Expenses         | 10,000   | By Gross Profit      | 30,000          |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
| To Selling & Distribution Expenses | 5,000  | By Sundry Receipt    | 5,000           |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
| To Net Profit                      | 20,000   |                      |                 |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |
|                                    | <b>35,000</b>  |                      | <b>35,000</b>   |             |            |                  |            |                  |        |              |          |              |        |                  |        |                      |        |  |          |                 |          |  |  |  |                 |  |                 |                            |        |                 |        |                                    |       |                   |       |               |        |  |  |  |               |  |               |          |    |

**Prepared By:**

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**HOD, ELECTRONICS AND COMMUNICATIONS ENGINEERING**