



# INSTITUTE OF AERONAUTICAL ENGINEERING

Dundigal, Hyderabad - 500 043

COMMON FOR ALL BRANCHES

III B.Tech II Semester

ASSIGNMENT

|                           |  |
|---------------------------|--|
| <b>Course Name</b>        | : <b>MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS</b> |
| <b>Course Code</b>        | : A40010   |
| <b>Class</b>              | : II - B. Tech II Semester                           |
| <b>Branch</b>             | : EEE  |
| <b>Year</b>               | : 2016– 2017   |
| <b>Course coordinator</b> | : M.Ramesh, Assistant Professor, MBA Department.     |
| <b>Course Faculty</b>     | : 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  | Question   | Blooms Taxonomy Level | Course Outcome |
|--|--|-----------------------|----------------|
| <b>ASSIGNMENT NO.1</b><br><b>UNIT-I</b><br><b>INTRODUCTION &amp; DEMAND ANALYSIS</b> |  |                       |                |
| 1  | Define Managerial Economics. Explain its nature.   | Remember              | 1              |
| 2  | Define Managerial Economics. Write its scope.  | Analyze               | 1              |
| 3  | Define Law of Demand. State the assumptions of Law of Demand.                              | Remember              | 2              |
| 4  | Briefly explain the exceptions of Law of Demand.   | Understand            | 2              |
| 5  | Describe the determinants of Demand.   | Understand            | 2              |
| 6  | Explain the significance/Importance of Elasticity of Demand.                               | Remember              | 2              |
| 7  | Illustrate different types of Price Elasticity of Demand.                                  | Apply                 | 2              |
| 8  | Write different types of Income Elasticity of Demand.                                      | Apply                 | 2              |
| 9  | Identify the factors which are influencing/governing Elasticity of Demand.                 | Analyze               | 2              |
| 10   | Consider different methods of Cross Elasticity of Demand.                                  | Understand            | 2              |
| 11   | How to measure Price Elasticity of Demand? Explain.(Methods of Price Elasticity of Demand) | Remember              | 2              |
| 12   | Define Demand Forecasting. Illustrate different methods of Demand Forecasting.             | Apply                 | 2              |
| 13   | Discuss the factors governing Demand Forecasting.  | Understand            | 2              |
| 14   | Illustrate Survey based Demand Forecasting methods with appropriate examples.              | Remember              | 2              |
| 15   | Write the significance/Importance of Elasticity of Demand.                                 | Analyze               | 2              |

| S. No   | Question   | Blooms Taxonomy Level | Course Outcome |      |             |          |          |                   |          |        |          |   |
|---|--|-----------------------|----------------|------|-------------|----------|----------|-------------------|----------|--------|----------|---|
| <b>UNIT-II<br/>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 of Break-Even Analysis.   | Understand            | 3              |      |             |          |          |                   |          |        |          |   |
| 4   | State the limitations of Break-Even Analysis.  | Remember              | 3              |      |             |          |          |                   |          |        |          |   |
| 5   | Define Production function. How can a producer find it usefulness? Illustrate.   | Apply                 | 3              |      |             |          |          |                   |          |        |          |   |
| 6   | State the features of Iso- Quants and Iso-Costs.   | Remember              | 3              |      |             |          |          |                   |          |        |          |   |
| 7   | State the features of Iso-Costs.   | Remember              | 3              |      |             |          |          |                   |          |        |          |   |
| 8   | Briefly Explain about the Cobb-Douglas Production Function.  | Understand            | 3              |      |             |          |          |                   |          |        |          |   |
| 9   | Briefly Explain the classification of costs  | Understand            | 3              |      |             |          |          |                   |          |        |          |   |
| 10  | 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.  | Apply                 | 3              |      |             |          |          |                   |          |        |          |   |
| 11  | 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              |      |             |          |          |                   |          |        |          |   |
| 12  | The Sales Turnover and profit during two years were given as follows:<br><table style="margin-left: 40px;"> <thead> <tr> <th>Years</th> <th>2001</th> <th>2002</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td>7,00,000</td> <td>9,00,000</td> </tr> <tr> <td>Profit/Loss (Rs.)</td> <td>- 10,000</td> <td>10,000</td> </tr> </tbody> </table><br>You are required to Compute the following:<br>i) P/V Ratio ii) Fixed Cost<br>iii) Break Even Point in Value and Units<br>iv) Sales required to earn a profit of Rs.40,000<br>v) Profit when Sales are Rs.12,00,000.<br>The Selling Price per unit can be assumed at Rs.100 | Years                 | 2001           | 2002 | Sales (Rs.) | 7,00,000 | 9,00,000 | Profit/Loss (Rs.) | - 10,000 | 10,000 | Remember | 3 |
| Years   | 2001   | 2002                  |                |      |             |          |          |                   |          |        |          |   |
| Sales (Rs.)                                       | 7,00,000   | 9,00,000              |                |      |             |          |          |                   |          |        |          |   |
| Profit/Loss (Rs.)                                 | - 10,000   | 10,000                |                |      |             |          |          |                   |          |        |          |   |
| 13  | The Sales Turnover and profit during two years were given as follows:<br><table style="margin-left: 40px;"> <thead> <tr> <th>Years</th> <th>2005</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td>38,000</td> <td>65,000</td> </tr> <tr> <td>Profit/Loss (Rs.)</td> <td>- 2,400</td> <td>3,000</td> </tr> </tbody> </table><br>You are required to compute the following:<br>i) P/V Ratio ii) Fixed Cost<br>iii) Break Even Point in Value and Units<br>iv) Sales required to earn a profit of Rs.5,000<br>v) Profit when Sales are Rs.46,000.<br>The Selling Price per unit can be assumed at Rs.10            | Years                 | 2005           | 2006 | Sales (Rs.) | 38,000   | 65,000   | Profit/Loss (Rs.) | - 2,400  | 3,000  | Evaluate | 3 |
| Years   | 2005   | 2006                  |                |      |             |          |          |                   |          |        |          |   |
| Sales (Rs.)                                       | 38,000   | 65,000                |                |      |             |          |          |                   |          |        |          |   |
| Profit/Loss (Rs.)                                 | - 2,400  | 3,000                 |                |      |             |          |          |                   |          |        |          |   |

| S. No   | Question   | Blooms Taxonomy Level | Course Outcome |      |                   |          |          |                  |        |        |            |   |
|---|--|-----------------------|----------------|------|-------------------|----------|----------|------------------|--------|--------|------------|---|
| 14  | <p>The Sales Turnover and profit during two years were given as follows:</p> <table border="1"> <thead> <tr> <th>Years</th> <th>2003</th> <th>2004</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>You are required to Compute the following:</p> <ul style="list-style-type: none"> <li>i) P/V Ratio</li> <li>ii) Fixed Cost</li> <li>iii) Break Even Point (Value)</li> <li>ii) Sales required to earn a profit of Rs.20,000</li> <li>iii) Profit when Sales are Rs.1,25,000.</li> </ul>             | Years                 | 2003           | 2004 | Sales (Rs.)       | 1,00,000 | 1,20,000 | Profit (Rs.)     | 15,000 | 23,000 | Understand | 3 |
| Years   | 2003   | 2004                  |                |      |                   |          |          |                  |        |        |            |   |
| Sales (Rs.)                                   | 1,00,000   | 1,20,000              |                |      |                   |          |          |                  |        |        |            |   |
| Profit (Rs.)                                  | 15,000   | 23,000                |                |      |                   |          |          |                  |        |        |            |   |
| 15  | <p>The Total Sales Turnover and Total Cost during two years were given as follows:</p> <table border="1"> <thead> <tr> <th>Years</th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Total Sales (Rs.)</td> <td>42,500</td> <td>39,200</td> </tr> <tr> <td>Total Cost (Rs.)</td> <td>38,700</td> <td>36,852</td> </tr> </tbody> </table> <p>You are required to Compute the following:</p> <ul style="list-style-type: none"> <li>i) P/V Ratio</li> <li>ii) Fixed Cost</li> <li>iii) Break Even Point (Value)</li> <li>ii) Sales required to earn a profit of Rs.6,000</li> <li>iii) Profit when Sales are Rs.47,500</li> </ul> | Years                 | 2009           | 2010 | Total Sales (Rs.) | 42,500   | 39,200   | Total Cost (Rs.) | 38,700 | 36,852 | Apply      | 3 |
| Years   | 2009   | 2010                  |                |      |                   |          |          |                  |        |        |            |   |
| Total Sales (Rs.)                             | 42,500   | 39,200                |                |      |                   |          |          |                  |        |        |            |   |
| Total Cost (Rs.)                              | 38,700   | 36,852                |                |      |                   |          |          |                  |        |        |            |   |
| 16  | <p>The Sales Turnover and profit during two years were given as follows:</p> <table border="1"> <thead> <tr> <th>Years</th> <th>2003</th> <th>2004</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td>1,40,000</td> <td>1,60,000</td> </tr> <tr> <td>Profit (Rs.)</td> <td>15,000</td> <td>20,000</td> </tr> </tbody> </table> <p>You are required to Compute the following:</p> <ul style="list-style-type: none"> <li>i) Break Even Point (Value)</li> <li>ii) Sales required to earn a profit of Rs.40,000</li> <li>iii) Profit when Sales are Rs.1,20,000.</li> </ul>   | Years                 | 2003           | 2004 | Sales (Rs.)       | 1,40,000 | 1,60,000 | Profit (Rs.)     | 15,000 | 20,000 | Evaluate   | 3 |
| Years   | 2003   | 2004                  |                |      |                   |          |          |                  |        |        |            |   |
| Sales (Rs.)                                   | 1,40,000   | 1,60,000              |                |      |                   |          |          |                  |        |        |            |   |
| Profit (Rs.)                                  | 15,000   | 20,000                |                |      |                   |          |          |                  |        |        |            |   |
| 17  | <p>You are given the following information about two companies in 2000.</p> <p><b>Sales</b><br/> CompanyA:Rs.50,00,000<br/> CompanyB:Rs.50,00,000</p> <p><b>Fixed Expenses</b><br/> CompanyA:Rs.12,00,000<br/> CompanyB:Rs.17,00,000</p> <p><b>Variable Expenses</b><br/> CompanyA:Rs.35,00,000<br/> CompanyB:Rs.30,00,000</p> <p>You are required to show that i) P/V Ratio ii) B.E.P iii) Margin of Safety iv) MOS Ratio v) Profit at Desired Sales of Rs.80,00,000 vi) Sales at a profit of Rs,1,50,000 for each company from the above information.</p>  | Remember              | 3              |      |                   |          |          |                  |        |        |            |   |
| <b>UNIT-III</b>                               |  |                       |                |      |                   |          |          |                  |        |        |            |   |
| <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.  | Apply                 | 4              |      |                   |          |          |                  |        |        |            |   |
| 4   | Discuss price-output determination in case of Monopoly.  | Understand            | 4              |      |                   |          |          |                  |        |        |            |   |
| 5   | Write differences between Perfect competition and Monopoly.  | Apply                 | 4              |      |                   |          |          |                  |        |        |            |   |
| 6   | Write differences between perfect and imperfect market. Explain different  | Apply                 | 4              |      |                   |          |          |                  |        |        |            |   |

| S. No   | Question  | Blooms Taxonomy Level | Course Outcome |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
|---|---|-----------------------|----------------|-----------|----------------|---------|---------|-----------------|-----------|-------------|----------------------------|----------|----------|---|-----------|-----------|--------------------------------|----------|-----------|------------|---|
|   | types of Pricing.   |                       |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 7   | Define Monopolistic Competition. Explain the features of Monopolistic Competition.  | Remember              | 4              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 8   | How to determine price- output in case of Monopolistic Competition? Discuss.  | Apply                 | 4              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| <b>ASSIGNMENT NO.2</b>                        |   |                       |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| <b>UNIT-III</b>                               |   |                       |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| <b>MARKETS &amp; NEW ECONOMIC ENVIRONMENT</b> |   |                       |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 9   | Define Business. Explain its characteristics.   | Remember              | 5              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 10  | Define Sole Trading. Describe the features, merits and demerits of Sole Trading?  | Understand            | 5              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 11  | Define Partnership. State the features, merits and demerits of Partnership?   | Remember              | 5              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 12  | Define Joint Stock Company. Illustrate the features, merits and demerits of Joint Stock Company.  | Apply                 | 5              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 13  | Distinguish between public company and private company.   | Apply                 | 5              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 14  | State the merits & demerits of different types of Public Enterprises.   | Remember              | 5              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 15  | Explain different types of Partners.  | Understand            | 5              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 16  | List out different types of companies.  | Remember              | 5              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| <b>UNIT-IV</b>                                |   |                       |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| <b>CAPITAL BUDGETING</b>                      |   |                       |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 1   | Define Capital. Explain its significance.   | Remember              | 6              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 2   | Describe different types of capital.  | Create                | 6              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 3   | Discuss the factors which are influenced on working capital requirement.  | Understand            | 6              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 4   | Describe the advantages and Disadvantages of Pay-back Period.   | Understand            | 6              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 5   | State the advantages and Disadvantages of ARR Method.   | Remember              | 6              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 6   | Illustrate the advantages and Disadvantages of NPV Method.  | Apply                 | 6              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 7   | Write the advantages and Disadvantages of IRR Method.   | Analyze               | 6              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 8   | Explain the advantages and Disadvantages of Profitability Index Method.   | Remember              | 6              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 9   | Define Capital Budgeting. Illustrate the significance and limitations of Capital Budgeting.   | Apply                 | 6              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 10  | The cost of a project is Rs.50,000 and annual cash inflows for the next five years are given as follows:<br>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><br>What is the pay-back period for the project?  | Remember              | 6              |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| 11  | X Ltd. is producing articles mostly by manual labour and is considering replacing it by a new machine. There are two alternative models M and N of the new machines. Prepare a statement of profitability showing the pay-back period from the following information:<br><table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Particulars</th> <th>Machine-M</th> <th>Machine-N</th> </tr> </thead> <tbody> <tr> <td>Estimated Life</td> <td>4 years</td> <td>5 years</td> </tr> <tr> <td>Cost of machine</td> <td>Rs.90,000</td> <td>Rs.1,80,000</td> </tr> <tr> <td>Estimated Savings in scrap</td> <td>Rs.5,000</td> <td>Rs.8,000</td> </tr> <tr> <td>Estimated Savings in direct labour /wages</td> <td>Rs.60,000</td> <td>Rs.80,000</td> </tr> <tr> <td>Additional cost of Maintenance</td> <td>Rs.8,000</td> <td>Rs.10,000</td> </tr> </tbody> </table> | Particulars           | Machine-M      | Machine-N | Estimated Life | 4 years | 5 years | Cost of machine | Rs.90,000 | Rs.1,80,000 | Estimated Savings in scrap | Rs.5,000 | Rs.8,000 | Estimated Savings in direct labour /wages | Rs.60,000 | Rs.80,000 | Additional cost of Maintenance | Rs.8,000 | Rs.10,000 | Understand | 6 |
| Particulars                                   | Machine-M   | Machine-N             |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| Estimated Life                                | 4 years   | 5 years               |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| Cost of machine                               | Rs.90,000   | Rs.1,80,000           |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| Estimated Savings in scrap                    | Rs.5,000  | Rs.8,000              |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| Estimated Savings in direct labour /wages     | Rs.60,000   | Rs.80,000             |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |
| Additional cost of Maintenance                | Rs.8,000  | Rs.10,000             |                |           |                |         |         |                 |           |             |                            |          |          |   |           |           |                                |          |           |            |   |

| S. No                 | Question   | Blooms Taxonomy Level | Course Outcome       |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
|-----------------------|--|-----------------------|----------------------|-----------------------|--------------|----------|--------|--------|--------|--------|--------|--------|--------|---|--------|--------|--------|-------|--------|--------|--------|-----------------------|--------|--------|--------|-------|------------|---|
|                       | Additional cost of supervision      Rs.12,000      Rs.18,000   |                       |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 12                    | <p>There are two projects X and Y. Each project requires an investment of Rs.20,000. You are required to Rank these two projects according to pay-back period method from the following information:<br/>Net Profits Before Depreciation and After Tax (NPBDAT) for Two projects were given below:</p> <table border="1"> <thead> <tr> <th>Years</th> <th>Project-X (Rs.)</th> <th>Project-Y (Rs.)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1,000</td> <td>2,000</td> </tr> <tr> <td>2</td> <td>2,000</td> <td>4,000</td> </tr> <tr> <td>3</td> <td>4,000</td> <td>6,000</td> </tr> <tr> <td>4</td> <td>5,000</td> <td>8,000</td> </tr> <tr> <td>5</td> <td>8,000</td> <td>Nil</td> </tr> </tbody> </table>   | Years                 | Project-X (Rs.)      | Project-Y (Rs.)       | 1            | 1,000    | 2,000  | 2      | 2,000  | 4,000  | 3      | 4,000  | 6,000  | 4 | 5,000  | 8,000  | 5      | 8,000 | Nil    | Apply  | 6      |                       |        |        |        |       |            |   |
| Years                 | Project-X (Rs.)  | Project-Y (Rs.)       |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 1                     | 1,000  | 2,000                 |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 2                     | 2,000  | 4,000                 |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 3                     | 4,000  | 6,000                 |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 4                     | 5,000  | 8,000                 |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 5                     | 8,000  | Nil                   |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 13                    | <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 | Apply | 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               |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 14                    | <p>Company has an investment opportunity costing Rs.50,000 with the following expected net cash flows 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> </tr> </thead> <tbody> <tr> <td>1</td> <td>20,000</td> <td>0.909</td> </tr> <tr> <td>2</td> <td>15,000</td> <td>0.826</td> </tr> <tr> <td>3</td> <td>25,000</td> <td>0.751</td> </tr> <tr> <td>4</td> <td>10,000</td> <td>0.683</td> </tr> </tbody> </table> <p>Using 10% as the cost of capital determine<br/>(i) Pay-back Period (ii) Discounted Pay-back Period (iii) Net Present Value @10% D.f. and (iv) Profitability Index @10% D.f.</p> <table border="1"> <thead> <tr> <th>Years</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> </tr> </thead> <tbody> <tr> <td>P.V. of Rs.1 @10% D.f</td> <td>0.909</td> <td>0.826</td> <td>0.751</td> <td>0.683</td> </tr> </tbody> </table> | Years                 | Net Cash Flows (Rs.) | P.V. of Rs.1 @10% D.f | 1            | 20,000   | 0.909  | 2      | 15,000 | 0.826  | 3      | 25,000 | 0.751  | 4 | 10,000 | 0.683  | Years  | 1     | 2      | 3      | 4      | P.V. of Rs.1 @10% D.f | 0.909  | 0.826  | 0.751  | 0.683 | Understand | 6 |
| Years                 | Net Cash Flows (Rs.)   | P.V. of Rs.1 @10% D.f |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 1                     | 20,000   | 0.909                 |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 2                     | 15,000   | 0.826                 |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 3                     | 25,000   | 0.751                 |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 4                     | 10,000   | 0.683                 |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| Years                 | 1  | 2                     | 3                    | 4                     |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| P.V. of Rs.1 @10% D.f | 0.909  | 0.826                 | 0.751                | 0.683                 |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 15                    | <p><b>No project is acceptable unless the yield is 10%. Cash Inflows of a certain project along with Cash outflows are given below:</b></p> <table border="1"> <thead> <tr> <th>Years</th> <th>Cash Outflows (Rs.)</th> <th>Cash Inflows (Rs.)</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>1,50,000</td> <td>-----</td> </tr> <tr> <td>1</td> <td>30,000</td> <td>20,000</td> </tr> <tr> <td>2</td> <td>-----</td> <td>30,000</td> </tr> <tr> <td>3</td> <td>-----</td> <td>60,000</td> </tr> </tbody> </table>  | Years                 | Cash Outflows (Rs.)  | Cash Inflows (Rs.)    | 0            | 1,50,000 | -----  | 1      | 30,000 | 20,000 | 2      | -----  | 30,000 | 3 | -----  | 60,000 |        |       |        |        |        |                       |        |        |        |       |            |   |
| Years                 | Cash Outflows (Rs.)  | Cash Inflows (Rs.)    |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 0                     | 1,50,000   | -----                 |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 1                     | 30,000   | 20,000                |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 2                     | -----  | 30,000                |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |
| 3                     | -----  | 60,000                |                      |                       |              |          |        |        |        |        |        |        |        |   |        |        |        |       |        |        |        |                       |        |        |        |       |            |   |

| S. No                 | Question   | Blooms Taxonomy Level | Course Outcome       |                       |       |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
|-----------------------|--|-----------------------|----------------------|-----------------------|-------|----------|--------|----------------|--------|-------|-------|----------|-------|-----------------------|--------|-------|----------|-------|-------|------------|---|
|                       | <table border="1"> <tr> <td>4</td> <td>-----</td> <td>80,000</td> </tr> <tr> <td>5</td> <td>-----</td> <td>30,000</td> </tr> </table> <p>The salvage value at the end of the 5<sup>th</sup> year is Rs.40,000.<br/>Predict (i) Net Present Value.</p> <p>P.V. of Rs.1 @10%D.f as per Present Value Tables given below:</p> <table border="1"> <tr> <td>Years</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>P.V. of Rs.1 @10% D.f</td> <td>0.909</td> <td>0.826</td> <td>0.751</td> <td>0.683</td> <td>0.621</td> </tr> </table>   | 4                     | -----                | 80,000                | 5     | -----    | 30,000 | Years          | 1      | 2     | 3     | 4        | 5     | P.V. of Rs.1 @10% D.f | 0.909  | 0.826 | 0.751    | 0.683 | 0.621 | Apply      | 6 |
| 4                     | -----  | 80,000                |                      |                       |       |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| 5                     | -----  | 30,000                |                      |                       |       |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| Years                 | 1  | 2                     | 3                    | 4                     | 5     |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| P.V. of Rs.1 @10% D.f | 0.909  | 0.826                 | 0.751                | 0.683                 | 0.621 |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| 16                    | <p>A Company has an estimated Life of 4 years and an investment opportunity costing Rs.2,50,000 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 @24% D.f</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1,20,000</td> <td>0.806</td> </tr> <tr> <td>2</td> <td>90,000</td> <td>0.650</td> </tr> <tr> <td>3</td> <td>1,60,000</td> <td>0.524</td> </tr> <tr> <td>4</td> <td>30,000</td> <td>0.423</td> </tr> </tbody> </table> <p>Using 24% as the cost of capital predict the following:<br/>(i) Net Present Value @24% D.f.<br/>(ii) Profitability Index @24%D.f<br/>(iii) Pay-back Period<br/>(iv) Discounted Pay-back Period</p>  | Years                 | Net Cash Flows (Rs.) | P.V. of Rs.1 @24% D.f | 1     | 1,20,000 | 0.806  | 2              | 90,000 | 0.650 | 3     | 1,60,000 | 0.524 | 4                     | 30,000 | 0.423 | Remember | 6     |       |            |   |
| Years                 | Net Cash Flows (Rs.)   | P.V. of Rs.1 @24% D.f |                      |                       |       |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| 1                     | 1,20,000   | 0.806                 |                      |                       |       |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| 2                     | 90,000   | 0.650                 |                      |                       |       |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| 3                     | 1,60,000   | 0.524                 |                      |                       |       |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| 4                     | 30,000   | 0.423                 |                      |                       |       |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| 17                    | <p>A project requires an investment of Rs.11,11,111 and is expected to generate cash inflows of Rs.3,33,333, Rs.4,44,444, Rs.5,55,555 Rs.4,44,444 and Rs.3,33,333 for the next 5 years. The Risk free cost of capital is 11%. Evaluate the project by using IRR Method with the help of 25% and 26% D.f. If a Risk premium of 9% is considered, how do you evaluate the project and do you observe any change in your earlier decision? Compute (i) Fake Pay-back period and (ii) IRR with the help of 25% and 26% D.f.</p> <table border="1"> <tr> <td>Years</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>P.V.Factor@25%</td> <td>0.800</td> <td>0.640</td> <td>0.512</td> <td>0.410</td> <td>0.328</td> </tr> <tr> <td>P.V.Factor@26%</td> <td>0.794</td> <td>0.630</td> <td>0.500</td> <td>0.397</td> <td>0.315</td> </tr> </table> | Years                 | 1                    | 2                     | 3     | 4        | 5      | P.V.Factor@25% | 0.800  | 0.640 | 0.512 | 0.410    | 0.328 | P.V.Factor@26%        | 0.794  | 0.630 | 0.500    | 0.397 | 0.315 | Understand | 6 |
| Years                 | 1  | 2                     | 3                    | 4                     | 5     |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| P.V.Factor@25%        | 0.800  | 0.640                 | 0.512                | 0.410                 | 0.328 |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| P.V.Factor@26%        | 0.794  | 0.630                 | 0.500                | 0.397                 | 0.315 |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |
| 18                    | <p>A project requires an investment of Rs.1,44,000 and is expected to generate cash inflows of Rs.54,000, Rs.63,000, Rs.72,000, Rs.63,000 and Rs.54,000 per annum for the next 5 years. Compute (i) IRR with the help of 31% and 32% D.f.</p> <table border="1"> <tr> <td>Years</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> </table>   | Years                 | 1                    | 2                     | 3     | 4        | 5      | Apply          | 6      |       |       |          |       |                       |        |       |          |       |       |            |   |
| Years                 | 1  | 2                     | 3                    | 4                     | 5     |          |        |                |        |       |       |          |       |                       |        |       |          |       |       |            |   |

| S. No  | Question   |                       |                       |       |       |       | Blooms Taxonomy Level | Course Outcome       |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
|--|--|-----------------------|-----------------------|-------|-------|-------|-----------------------|----------------------|-----------------------|-----------------------|-----------|-----------|----------------------------------|---------|---------|----------------------------|-------|-------|----------------------|-----------|----------|----------------------|-------|-------|----------------------|-------|-------|----------------------|-------|-------|----------------------|-------|-------|-----------|-------|--------|----------|-------|---|--------|-------|-------|---|--------|-------|-------|----|-------|-------|-------|------------|---|
|  | P.V.Factor@31%   | 0.763                 | 0.583                 | 0.445 | 0.340 | 0.259 |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
|  | P.V.Factor@32%   | 0.758                 | 0.574                 | 0.435 | 0.329 | 0.250 |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 19   | <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                 |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 20   | <p>Compute the Accounting /Average Rate of Return (ARR) for the projects A and B on (i) Original Investment (ii) Average Investment from the following information.</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Project-A</th> <th>Project-B</th> </tr> </thead> <tbody> <tr> <td>Original Investment</td> <td>Rs.20,000</td> <td>Rs.30,000</td> </tr> <tr> <td>Expected Life (No salvage Value)</td> <td>4 Years</td> <td>5 Years</td> </tr> <tr> <td>Projected Net Income (PAT)</td> <td></td> <td></td> </tr> <tr> <td>1<sup>st</sup> Year</td> <td>Rs. 2,000</td> <td>Rs.3,000</td> </tr> <tr> <td>2<sup>nd</sup> Year</td> <td>1,500</td> <td>3,000</td> </tr> <tr> <td>3<sup>rd</sup> Year</td> <td>1,500</td> <td>2,000</td> </tr> <tr> <td>4<sup>th</sup> Year</td> <td>1,000</td> <td>1,000</td> </tr> <tr> <td>5<sup>th</sup> Year</td> <td>Nil</td> <td>1,000</td> </tr> <tr> <td>Total PAT</td> <td>6,000</td> <td>10,000</td> </tr> </tbody> </table> <p>If the required rate of return is 12% which project should be undertaken?</p>   |                       |                       |       |       |       | Particulars           | Project-A            | Project-B             | Original Investment   | Rs.20,000 | Rs.30,000 | Expected Life (No salvage Value) | 4 Years | 5 Years | Projected Net Income (PAT) |       |       | 1 <sup>st</sup> Year | Rs. 2,000 | Rs.3,000 | 2 <sup>nd</sup> Year | 1,500 | 3,000 | 3 <sup>rd</sup> Year | 1,500 | 2,000 | 4 <sup>th</sup> Year | 1,000 | 1,000 | 5 <sup>th</sup> Year | Nil   | 1,000 | Total PAT | 6,000 | 10,000 | Remember | 6     |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| Particulars  | Project-A  | Project-B             |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| Original Investment  | Rs.20,000  | Rs.30,000             |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| Expected Life (No salvage Value)                                     | 4 Years  | 5 Years               |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| Projected Net Income (PAT)   |  |                       |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 1 <sup>st</sup> Year   | Rs. 2,000  | Rs.3,000              |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 2 <sup>nd</sup> Year   | 1,500  | 3,000                 |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 3 <sup>rd</sup> Year   | 1,500  | 2,000                 |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 4 <sup>th</sup> Year   | 1,000  | 1,000                 |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 5 <sup>th</sup> Year   | Nil  | 1,000                 |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| Total PAT  | 6,000  | 10,000                |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| <b>UNIT-V</b>  |  |                       |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| <b>INTRODUCTION TO FINANCIAL ACCOUNTING &amp; FINANCIAL ANALYSIS</b> |  |                       |                       |       |       |       |                       |                      |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 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).   |                       |                       |       |       |       | Apply                 | 7                    |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 3.   | Define Double Entry System. Describe the advantages and Disadvantages of Double Entry System.  |                       |                       |       |       |       | Evaluate              | 7                    |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 4.   | List out different types of Accounting Concepts.   |                       |                       |       |       |       | Understand            | 7                    |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 5.   | List out different types of Accounting Conventions.  |                       |                       |       |       |       | Understand            | 7                    |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |
| 6.   | State the advantages of the Journal.   |                       |                       |       |       |       | Remember              | 7                    |                       |                       |           |           |                                  |         |         |                            |       |       |                      |           |          |                      |       |       |                      |       |       |                      |       |       |                      |       |       |           |       |        |          |       |   |        |       |       |   |        |       |       |    |       |       |       |            |   |

| S. No | Question  | Blooms Taxonomy Level | Course Outcome |
|-------|---|-----------------------|----------------|
| 7.    | Illustrate the importance of the Ledger.  | Apply                 | 7              |
| 8.    | Write the significance of Trial Balance.  | Analyze               | 7              |
| 9.    | Sketch different methods of preparing Trial Balance.  | Apply                 | 7              |
| 10.   | Explain the importance of Trading Account.  | Understand            | 7              |
| 11.   | Illustrate the significance of Profit & Loss Account.   | Apply                 | 7              |
| 12.   | Discuss the importance of Balance Sheet.  | Understand            | 7              |
| 13.   | Define Ratio Analysis. Describe the advantages/ significance and limitations of Ratio Analysis.   | Remember              | 8              |
| 14.   | Discuss different types of Liquidity Ratios.  | Understand            | 8              |
| 15.   | State different types of Activity Ratios.   | Remember              | 8              |
| 16.   | Explain different types of Capital Structure Ratios.  | Understand            | 8              |
| 17.   | Express different types of Profitability Ratios.  | Remember              | 8              |
| 18.   | Write formulas for of Liquidity Ratios.   | Apply                 | 8              |
| 19.   | State the formulas for Activity Ratios.   | Apply                 | 8              |
| 20.   | Explain the formulas for Capital Structure Ratios.  | Apply                 | 8              |
| 21.   | Write the formulas for Profitability Ratios.  | Apply                 | 8              |
| 22    | Write Journal Entries in the books of Mr. Sukumar from the following transactions<br>2008, Jan. 1 <sup>st</sup> Goods purchased from Raju on credit Rs.10,000<br>Jan 2 <sup>nd</sup> Goods purchased from Ramu Rs.20,000<br>Jan 3 <sup>rd</sup> Goods returned to Raju Rs.1,000<br>Jan 4 <sup>th</sup> Goods returned to Ramu Rs.2,000<br>Jan 5 <sup>th</sup> Goods sold to Suresh on credit Rs.30,000<br>Jan 6 <sup>th</sup> Goods sold to Mahesh Rs.40,000<br>Jan 7 <sup>th</sup> Goods returned from Mahesh Rs.4,000<br>Jan 8 <sup>th</sup> Goods returned by Suresh Rs.3,000<br>Jan 9 <sup>th</sup> Building sold to Venkat Rs.50,000<br>Jan 31 <sup>st</sup> Furniture purchased from Kishore Rs.5,000 | Understand            | 7              |
| 23    | 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  | Apply                 | 7              |
| 24    | Write Journal Entries in the books of Mr.Kiran from the following transactions<br>2013, May 1 <sup>st</sup> Insurance paid by cheque Rs.3,000<br>May 9 <sup>th</sup> Telephone Rent Paid in cash Rs.2,000<br>May 10 <sup>th</sup> Stationery Purchased for Rs.1,000<br>May 11 <sup>th</sup> Telegrams sent to New Delhi Rs.2,500<br>May 12 <sup>th</sup> Advertisement charges paid in cash Rs.5,000<br>May 13 <sup>th</sup> Machinery Purchased for Rs.90,000<br>May 14 <sup>th</sup> Furniture purchased for personal use Rs.30,000   |                       |                |



|    |   |            |   |
|----|---|------------|---|
|    | <p>May 13<sup>th</sup> Depreciation charged on Machinery Rs.9,000<br/> May 14<sup>th</sup> Depreciation charged on Furniture Rs.3,000<br/> May 15<sup>th</sup> Repairs Paid on Buildings Rs.15,000<br/> May 16<sup>th</sup> Rent received for Rs.6,000</p>  |            |   |
| 25 | <p>Write Journal Entries in the books of Mr.Kishore from the following transactions</p> <p>2014, March 10<sup>th</sup> Goods purchased from Kamesh Rs.20,000<br/> March 11<sup>th</sup> Goods returned to Kamesh Rs.2,000<br/> March 12<sup>th</sup> Amount of Rs.17,500 paid to Kamesh in full settlement of his Account.<br/> March 13<sup>th</sup> Insurance Premium paid to LIC of India by cheque Rs.15,000<br/> March 14<sup>th</sup> Commission received from Naresh Rs.5,000<br/> March 15<sup>th</sup> Goods sold to Prasad on credit Rs.30,000<br/> March 16<sup>th</sup> Prasad returned goods to us Rs.3,000<br/> March 17<sup>th</sup> A cheque received from Prasad for full settlement of Rs.26,500.</p>   |            |   |
| 26 | <p>Write Journal Entries in the books of Mr.Pradeep from the following transactions</p> <p>2010, March 1<sup>st</sup> Business started by Rama Rao with cash Rs.40,000 , Cheque Rs.25,000 and Stock Rs.25,000.<br/> March 2<sup>nd</sup> Goods taken by proprietor for his personal use Rs.10,000<br/> March 3<sup>rd</sup> Cash Taken for personal use Rs.5,000<br/> March 4<sup>th</sup> Investment purchased for Rs. 8,000<br/> March 5<sup>th</sup> Sale of Furniture for Rs.2,000<br/> March 6<sup>th</sup> Goods sold to Ganesh for 10,000.<br/> March 7<sup>th</sup> Goods returned from Ganesh Rs.2,000<br/> March 7<sup>th</sup> Cheque received from Ganesh for 3,000<br/> March 8<sup>th</sup> Ganesh cheque was dishonoured.<br/> March 9<sup>th</sup> Ganesh became insolvent, 0.50 paise in a rupee was collected from his estate towards final settlement and the remaining balance being Bad Debts.</p> | Remember   | 7 |
| 27 | <p>Write Journal Entries in the books of Mr. Siva Kumar from the following transactions.</p> <p>2010, Jan.1<sup>st</sup> Business started with cash Rs.30,000, Cheque Rs.20,000 and Stock Rs.10,000<br/> Jan 2<sup>nd</sup> Cash deposited in the Bank Rs.5,000<br/> Jan 3<sup>rd</sup> Cash withdrawn from the Bank Rs.3,000 for Office use<br/> Jan 4<sup>th</sup> Cash Withdrawn from the bank for personal use Rs.1,000<br/> Jan 5<sup>th</sup> Goods purchased from Raja on credit For Rs.5,000<br/> Jan 6<sup>th</sup> Goods returned to Raja Rs.1,000<br/> Jan 7<sup>th</sup> Cash paid to Raja Rs.3,600 in full settlement of his account Rs.4,000.</p>   | Understand | 7 |
| 28 | <p>Write Journal Entries in the books of Mr. Siva Kumar from the following transactions.</p> <p>2010, Jan.1<sup>st</sup> Business started with cash Rs.50,000, Cheque Rs.30,000, Furniture Rs.20,000 and Stock Rs.20,000<br/> Jan 8<sup>th</sup> Goods sold to Arjun on credit for Rs.3,500</p>   |            |   |

|    |  |            |   |
|----|--|------------|---|
|    | <p>Jan 9<sup>th</sup> Goods returned from Arjun Rs.500<br/> Jan 10<sup>th</sup> Arjun settled his account with amount of Rs.2,900<br/> Jan 11<sup>th</sup> Goods taken by proprietor for his personal use Rs.5,000<br/> Jan 12<sup>th</sup> Cash taken by proprietor for his domestic use Rs.2,000<br/> Jan 31<sup>st</sup> Telephone purchased for Domestic use Rs.10,000<br/> Jan31st Rent Paid for personal use Rs.5,000</p>  |            |   |
| 29 | <p>Write Journal Entries from the following in the books of Mr.Praveen.<br/> 2009, Dec 1<sup>st</sup> Business started with cash Rs.50,000, Stock Rs.30,000,<br/> Furniture Rs.10,000 and Machinery Rs.20,000.<br/> Dec 2<sup>nd</sup> Telephone charges paid in cash Rs.5,000<br/> Dec 3<sup>rd</sup> Transport charges paid by cheque Rs.3,000<br/> Dec 4<sup>th</sup> Advertisements charges paid to Naga Raju Rs. 4,000<br/> Dec 5<sup>th</sup> Dividend received from Ashok company Pvt.Ltd. Rs.2,000<br/> Dec 6<sup>th</sup> Furniture purchased for personal use Rs.5,000<br/> Dec 7<sup>th</sup> Rent paid to Landlord Ramana for Rs.8,000</p> | Apply      | 7 |
| 30 | <p>Write Journal Entries from the following in the books of Mr.Prasad</p> <p>2010, Dec 1<sup>st</sup> Machinery purchased for Rs.15,000<br/> Dec 9<sup>th</sup> Building purchased for 1,00,000<br/> Dec 10<sup>th</sup> Computer purchased by cheque for Personal use Rs.20,000<br/> Dec 11<sup>th</sup> Investments sold for Rs.25,000<br/> Dec 12<sup>th</sup> Sale of Machinery for Rs.30,000<br/> Dec 13<sup>th</sup> Sale of Furniture for Rs.10,000<br/> Dec 14<sup>th</sup> Sale of Building for cash Rs.1,50,000<br/> Dec 31<sup>st</sup> Computer Sold by cheque Rs.15,000</p>   |            |   |
| 31 | <p>Write Journal Entries in the books of Gopal from the following:<br/> 2008, May 1<sup>st</sup> Business started with Rs.60,000<br/> May 2<sup>nd</sup> Sale of Typewriter for Rs.1,000<br/> May 3<sup>rd</sup> Salaries paid to staff by cheque Rs.5,000<br/> May 4<sup>th</sup> Wages paid to Labour for Rs.15,000.<br/> May 5<sup>th</sup> Rent paid to Landlord Raja Rao Rs.8,000<br/> May 6<sup>th</sup> Interest received from Rajani Rs.2,000<br/> May 7<sup>th</sup> Commission received from Kamala Rs.3,000</p>   | Remember   | 7 |
| 32 | <p>Record the following transactions in the books of Krishna Mohan.<br/> 2007, June 1<sup>st</sup> Business started with cash Rs.25,000 and Cheque Rs.20,000<br/> June 2<sup>nd</sup> Interest paid for Rs.5,000<br/> June 3<sup>rd</sup> Commission paid by cheque Rs.2,000<br/> June 4<sup>th</sup> Bad Debts written off on Debtors Rs.3,000<br/> June 5<sup>th</sup> Bad Debts recovered from Debtors Rs.1,500<br/> June 6<sup>th</sup> Rent paid to Naresh Rs.10,000</p>  | Understand | 7 |
| 33 | <p>Write Journal Entries in the books Mr. Mahendra from the following transactions:<br/> 2006, April 1<sup>st</sup> Business started with Cash Rs.1,00,000.<br/> April 2<sup>nd</sup> Opened current account with Bank Rs.50,000<br/> April 3<sup>rd</sup> Interest received on Investment Rs.5,000<br/> April 4<sup>th</sup> Goods sold to Ramu for Rs.20,000</p>   |            |   |

|    |  |            |   |
|----|--|------------|---|
|    | <p>April 4<sup>th</sup> Bills receivable Received from Ramu Rs.20,000 for 2 months.</p> <p>April 5<sup>th</sup> The above Bills receivable was discounted at Bank at 19,800</p> <p>April 6<sup>th</sup> The above B/R was dishonoured.</p>   | Apply      | 7 |
| 34 | <p>Write Journal Entries in the books Mr. Mahendra from the following transactions:</p> <p>2007, June 1<sup>st</sup> Interest received from Raghu Rs.2,000</p> <p>June 8<sup>th</sup> Commission received from Kamesh Rs.7,000</p> <p>June 9<sup>th</sup> Cash paid to Srinivas Rs.6,000</p> <p>June 10<sup>th</sup> Cheque issued to Srikanth Rs.7,000</p> <p>June 14<sup>th</sup> Srikanth cheque was Dishonoured.</p> <p>June 15<sup>th</sup> Cash received from Kiran Rs.8,000</p> <p>June 16<sup>th</sup> Cheque received from Gayathri Rs.10,000</p> <p>June 20<sup>th</sup> Gayathri cheque was dishonoured.</p>  |            |   |
| 35 | <p>Write Journal Entries in the books Mr. Mahendra from the following transactions:</p> <p>2008, April 1<sup>st</sup> Goods purchased from Pratap for cash Rs.10,000</p> <p>April 8<sup>th</sup> Goods sold to Mahesh on cash Rs.15,000</p> <p>April 9<sup>th</sup> Goods purchased from Sarat for Rs.12,000</p> <p>April 10<sup>th</sup> Acceptance (B/P) given to Sarat for 3 months for Rs.12,000</p> <p>April 11<sup>th</sup> The above B/P was dishonoured.</p> <p>April 12<sup>th</sup> A cheque received from Hari for Rs.1,000</p> <p>April 13<sup>th</sup> Hari's Cheque was dishonoured.</p> <p>April 14<sup>th</sup> A cheque issued to Malhotra for Rs.7,000</p> <p>April 30<sup>th</sup> Malhotra cheque was dishonoured.</p> |            |   |
| 36 | <p>Record /consider the following transactions in the books of Mr.Kiran.</p> <p>2009, July 1<sup>st</sup> Business started with cash Rs.50,000</p> <p>July 2<sup>nd</sup> Cash deposited into Bank Rs.20,000</p> <p>July 3<sup>rd</sup> Cash Withdrawn from Bank Rs.10,000</p> <p>July 4<sup>th</sup> Cash taken from bank for personal use Rs.5,000</p> <p>July 5<sup>th</sup> Cash Paid to Mohan Rs.15,000</p> <p>July 6<sup>th</sup> Cash received from Amar Rs.8,000</p> <p>July 7<sup>th</sup> Cheque received from Bharat Rs.2,000</p>   | Understand | 7 |
| 37 | <p>Record the following transactions in the books of Mr.Bharat Kumar</p> <p>2010, July 1<sup>st</sup> Cheque Issued to Charan Rs.7,000</p> <p>July 9<sup>th</sup> Machinery Purchased on cash Rs.12,000</p> <p>July 10<sup>th</sup> Furniture sold for cash Rs.8,000</p> <p>July 11<sup>th</sup> Salaries paid Rs.15,000</p> <p>July 12<sup>th</sup> Rent received Rs.5,000</p> <p>July 28<sup>th</sup> Rent paid to Landlord Rama Rao Rs.13,000</p> <p>July 29<sup>th</sup> Commission received from Sujatha Rs.10,000</p> <p>July 30<sup>th</sup> Goods purchased from Krishna on cash Rs.20,000</p> <p>July 31<sup>st</sup> Goods sold to Gopal for cash Rs.30,00</p> <p>July 31<sup>st</sup> Wages paid by cheque Rs.50,000</p>        |            |   |
| 38 | Prepare Trial Balance of Mr.Ravikumar as on 31.12.2005 from the following  |            |   |

|                           | <p>balances:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left;">Rs.</th> <th style="width: 50%; text-align: left;">Rs.</th> </tr> </thead> <tbody> <tr><td>1. Capital</td><td>32,000</td></tr> <tr><td>2. Machinery</td><td>30,000</td></tr> <tr><td>3. Opening Stock</td><td>16,000</td></tr> <tr><td>4. Wages</td><td>50,000</td></tr> <tr><td>5. Carriage inwards</td><td>500</td></tr> <tr><td>6. Salaries</td><td>5,000</td></tr> <tr><td>7. Factory Rent</td><td>2,400</td></tr> <tr><td>8. Repairs</td><td>400</td></tr> <tr><td>9. Fuel &amp; Power</td><td>2,500</td></tr> <tr><td>10. Buildings</td><td>40,000</td></tr> <tr><td>11. Sundry Debtors</td><td>20,000</td></tr> <tr><td>12. Sales</td><td>2,03,600</td></tr> <tr><td>13. Purchases</td><td>1,22,000</td></tr> <tr><td>14. Bank O.D</td><td>2,000</td></tr> <tr><td>15. Suspense A/c (Cr)</td><td>59,300</td></tr> <tr><td>16. Creditors</td><td>12,500</td></tr> <tr><td>17. Returns Outwards(P/R)</td><td>2,000</td></tr> <tr><td>18. Returns Inwards (S/R)</td><td>3,600</td></tr> <tr><td>19. Drawings</td><td>2,000</td></tr> <tr><td>20. Discount Allowed</td><td>750</td></tr> <tr><td>21. Discount Received</td><td>250</td></tr> <tr><td>22. Office Expenses</td><td>1,000</td></tr> <tr><td>23. Manufacturing Exp.</td><td>600</td></tr> <tr><td>24. Bills Payable</td><td>6,500</td></tr> <tr><td>25. Bills Receivable</td><td>5,000</td></tr> <tr><td>26. Cash in Hand</td><td>2,400</td></tr> <tr><td>27. Cash at Bank</td><td>15,400</td></tr> <tr><td>28. Office Rent</td><td>1,800</td></tr> </tbody> </table> | Rs.        | Rs. | 1. Capital        | 32,000 | 2. Machinery    | 30,000 | 3. Opening Stock    | 16,000 | 4. Wages          | 50,000 | 5. Carriage inwards | 500   | 6. Salaries | 5,000 | 7. Factory Rent | 2,400    | 8. Repairs | 400    | 9. Fuel & Power         | 2,500  | 10. Buildings    | 40,000 | 11. Sundry Debtors   | 20,000 | 12. Sales | 2,03,600 | 13. Purchases         | 1,22,000 | 14. Bank O.D      | 2,000 | 15. Suspense A/c (Cr) | 59,300 | 16. Creditors         | 12,500 | 17. Returns Outwards(P/R) | 2,000 | 18. Returns Inwards (S/R) | 3,600 | 19. Drawings | 2,000 | 20. Discount Allowed | 750 | 21. Discount Received | 250 | 22. Office Expenses | 1,000 | 23. Manufacturing Exp. | 600 | 24. Bills Payable | 6,500 | 25. Bills Receivable | 5,000 | 26. Cash in Hand | 2,400 | 27. Cash at Bank | 15,400 | 28. Office Rent | 1,800 | Apply | 7 |
|---------------------------|--|------------|-----|-------------------|--------|-----------------|--------|---------------------|--------|-------------------|--------|---------------------|-------|-------------|-------|-----------------|----------|------------|--------|-------------------------|--------|------------------|--------|----------------------|--------|-----------|----------|-----------------------|----------|-------------------|-------|-----------------------|--------|-----------------------|--------|---------------------------|-------|---------------------------|-------|--------------|-------|----------------------|-----|-----------------------|-----|---------------------|-------|------------------------|-----|-------------------|-------|----------------------|-------|------------------|-------|------------------|--------|-----------------|-------|-------|---|
| Rs.                       | Rs.  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 1. Capital                | 32,000   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 2. Machinery              | 30,000   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 3. Opening Stock          | 16,000   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 4. Wages                  | 50,000   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 5. Carriage inwards       | 500  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 6. Salaries               | 5,000  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 7. Factory Rent           | 2,400  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 8. Repairs                | 400  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 9. Fuel & Power           | 2,500  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 10. Buildings             | 40,000   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 11. Sundry Debtors        | 20,000   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 12. Sales                 | 2,03,600   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 13. Purchases             | 1,22,000   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 14. Bank O.D              | 2,000  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 15. Suspense A/c (Cr)     | 59,300   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 16. Creditors             | 12,500   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 17. Returns Outwards(P/R) | 2,000  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 18. Returns Inwards (S/R) | 3,600  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 19. Drawings              | 2,000  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 20. Discount Allowed      | 750  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 21. Discount Received     | 250  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 22. Office Expenses       | 1,000  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 23. Manufacturing Exp.    | 600  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 24. Bills Payable         | 6,500  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 25. Bills Receivable      | 5,000  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 26. Cash in Hand          | 2,400  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 27. Cash at Bank          | 15,400   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 28. Office Rent           | 1,800  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 39                        | <p>Prepare <b>Trial Balance</b> as on 31.12.2009 under balances method from the following information:<br/> Capital Rs.6,000; Cash in hand Rs. 500; Bills Receivable Rs.4,550 ; Land &amp; Building Rs.6,000; Purchases Rs. 7,000; Sales Rs.8,000; Debtors Rs.3,300; Creditors Rs.600; Bills Payable Rs. 2,750; Bank Overdraft Rs.4,000.</p>   | Remember   | 7   |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 40                        | <p>Prepare <b>Trial Balance</b> as on 31.3.2002 under balances method from the following information<br/> Drawings Rs.4,000; Discount Allowed Rs. 1,500 ; Discount Received Rs. 500; Office Expenses Rs. 2,000; Manufacturing Expenses Rs. 1,200; Bills Payable Rs.17,000; Bills Receivable Rs.10,000; Cash in Hand Rs.4,800; Cash at Bank Rs.30,800; Office Rent Rs.3,600; Bharat Capital Rs.2,00,000; Machinery Rs. 60,000; Stock as on 1.4.2001 Rs. 32,000; Wages Rs.1,00,000; Carriage Inwards Rs.1,000; Salaries Rs.10,000;Factory Rent Rs. 4,800 ; Repairs Rs. 800; Fuel &amp;Power Rs. 5,000; Furniture Rs. 11,000; Buildings Rs.80,000; Sundry Debtors Rs.40,000; Sales Rs.4,07,200; Purchases Rs.2,44,000; Creditors Rs.25,000; Returns Inwards Rs.7,200; Returns Outwards Rs.4,000.</p>  | Understand | 7   |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 41                        | <p>Prepare Trial Balance of Mr.Rajaram as on 31.12.2005 from the following balances:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left;">Rs.</th> <th style="width: 50%; text-align: left;">Rs.</th> </tr> </thead> <tbody> <tr><td>1. Sundry Debtors</td><td>32,000</td></tr> <tr><td>2. Cash in Hand</td><td>35</td></tr> <tr><td>3. Plant &amp;Machinery</td><td>17,500</td></tr> <tr><td>4. Trade expenses</td><td>1,075</td></tr> <tr><td>5. Salaries</td><td>2,225</td></tr> <tr><td>6. Rent</td><td>900</td></tr> <tr><td>7. Purchases</td><td>2,18,870</td></tr> <tr><td>8. Capital</td><td>79,500</td></tr> <tr><td>9. Stock as on 1.1.2005</td><td>22,000</td></tr> <tr><td>10. Cash at Bank</td><td>1,545</td></tr> <tr><td>11. Sundry Creditors</td><td>10,650</td></tr> <tr><td>12. Sales</td><td>2,34,500</td></tr> <tr><td>13. Carriage Outwards</td><td>400</td></tr> <tr><td>14. Bills Payable</td><td>7,500</td></tr> <tr><td>15. Discount Allowed</td><td>1,100</td></tr> <tr><td>16. Business Premises</td><td>34,500</td></tr> </tbody> </table>   | Rs.        | Rs. | 1. Sundry Debtors | 32,000 | 2. Cash in Hand | 35     | 3. Plant &Machinery | 17,500 | 4. Trade expenses | 1,075  | 5. Salaries         | 2,225 | 6. Rent     | 900   | 7. Purchases    | 2,18,870 | 8. Capital | 79,500 | 9. Stock as on 1.1.2005 | 22,000 | 10. Cash at Bank | 1,545  | 11. Sundry Creditors | 10,650 | 12. Sales | 2,34,500 | 13. Carriage Outwards | 400      | 14. Bills Payable | 7,500 | 15. Discount Allowed  | 1,100  | 16. Business Premises | 34,500 | Apply                     | 7     |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| Rs.                       | Rs.  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 1. Sundry Debtors         | 32,000   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 2. Cash in Hand           | 35   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 3. Plant &Machinery       | 17,500   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 4. Trade expenses         | 1,075  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 5. Salaries               | 2,225  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 6. Rent                   | 900  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 7. Purchases              | 2,18,870   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 8. Capital                | 79,500   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 9. Stock as on 1.1.2005   | 22,000   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 10. Cash at Bank          | 1,545  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 11. Sundry Creditors      | 10,650   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 12. Sales                 | 2,34,500   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 13. Carriage Outwards     | 400  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 14. Bills Payable         | 7,500  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 15. Discount Allowed      | 1,100  |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 16. Business Premises     | 34,500   |            |     |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |
| 42                        | <p>You are required to show that Trial Balance as on 31.12.1998 from the following Information:</p> <p>(1) Land &amp; Buildings Rs.2,750 (2) Plant &amp; Machinery Rs.1,332<br/> (3 ) Stock on 1.1.1998 Rs.4,173 (4) Sales Rs.20,783<br/> (5) Purchases Rs.12,733 (6) Carriage inwards Rs.478<br/> (7) Bad Debts Rs.225 (8) Wages Rs.1,227<br/> (9) Debtors Rs.5,445 (10) Creditors Rs.2,429<br/> (11) Discount Received Rs.763 (12) Discount Allowed Rs.824<br/> (13) Furniture Rs.192 (14) Capital Rs.10,659<br/> (15) General Expenses Rs.1,338 (16) Cash at Bank Rs.1,874</p>  | Remember   | 7   |                   |        |                 |        |                     |        |                   |        |                     |       |             |       |                 |          |            |        |                         |        |                  |        |                      |        |           |          |                       |          |                   |       |                       |        |                       |        |                           |       |                           |       |              |       |                      |     |                       |     |                     |       |                        |     |                   |       |                      |       |                  |       |                  |        |                 |       |       |   |

|                            | (17) Rent & Rates Rs.188  | (18) Drawings Rs.1,855. |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
|----------------------------|---|-------------------------|-----------------|-----|-----------------|-----|----------|--------|-------|----------|-----------|----------|-------------------|-------|-----------|--------|------------|-------|--------------|-------|------------------|--------|---------------------|-------|------|--------|---------------|--------|---------|----------|-----------|--------|-------------------|-------|-----------|--------|--|--|----------------|--------|--|--|--------------|-------|--|--|--------------|--------|--|--|-----------------|-------|--|--|----------------------------|--------|--|--|----------------------------|-------|--|--|-----------|-----|--|--|------------------|-------|--|--|-----------------------|-------|--|--|--|-----------------|--|-----------------|---------|---|
| 43                         | Prepare Trading and Profit & Loss A/c and Balance Sheet of Mr. Mukharjee as at 31-12-1998 from the following Trial Balance  |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
|                            | <table border="1"> <thead> <tr> <th>Debit Balances</th> <th>Rs.</th> <th>Credit Balances</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Drawings</td> <td>12,000</td> <td>Sales</td> <td>2,80,800</td> </tr> <tr> <td>Purchases</td> <td>1,80,000</td> <td>Discount Received</td> <td>3,000</td> </tr> <tr> <td>Salaries</td> <td>18,000</td> <td>Commission</td> <td>4,000</td> </tr> <tr> <td>Rent &amp; Taxes</td> <td>6,800</td> <td>Sundry Creditors</td> <td>40,000</td> </tr> <tr> <td>Travelling Expenses</td> <td>1,600</td> <td>Loan</td> <td>10,000</td> </tr> <tr> <td>Opening Stock</td> <td>75,000</td> <td>Capital</td> <td>1,00,000</td> </tr> <tr> <td>Machinery</td> <td>28,400</td> <td></td> <td></td> </tr> <tr> <td>Furniture</td> <td>12,000</td> <td></td> <td></td> </tr> <tr> <td>Sundry Debtors</td> <td>50,500</td> <td></td> <td></td> </tr> <tr> <td>Cash in Hand</td> <td>2,200</td> <td></td> <td></td> </tr> <tr> <td>Cash at Bank</td> <td>10,400</td> <td></td> <td></td> </tr> <tr> <td>Office Expenses</td> <td>2,500</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td>30,000</td> <td></td> <td></td> </tr> <tr> <td>Freight &amp; Carriage inwards</td> <td>4,000</td> <td></td> <td></td> </tr> <tr> <td>Insurance</td> <td>800</td> <td></td> <td></td> </tr> <tr> <td>Discount Allowed</td> <td>1,600</td> <td></td> <td></td> </tr> <tr> <td>Returns Inwards (S/R)</td> <td>2,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td><b>4,37,800</b></td> <td></td> <td><b>4,37,800</b></td> </tr> </tbody> </table> |                         | Debit Balances  | Rs. | Credit Balances | Rs. | Drawings | 12,000 | Sales | 2,80,800 | Purchases | 1,80,000 | Discount Received | 3,000 | Salaries  | 18,000 | Commission | 4,000 | Rent & Taxes | 6,800 | Sundry Creditors | 40,000 | Travelling Expenses | 1,600 | Loan | 10,000 | Opening Stock | 75,000 | Capital | 1,00,000 | Machinery | 28,400 |                   |       | Furniture | 12,000 |  |  | Sundry Debtors | 50,500 |  |  | Cash in Hand | 2,200 |  |  | Cash at Bank | 10,400 |  |  | Office Expenses | 2,500 |  |  | Wages                      | 30,000 |  |  | Freight & Carriage inwards | 4,000 |  |  | Insurance | 800 |  |  | Discount Allowed | 1,600 |  |  | Returns Inwards (S/R) | 2,000 |  |  |  | <b>4,37,800</b> |  | <b>4,37,800</b> | Analyze | 7 |
| Debit Balances             | Rs.   | Credit Balances         | Rs.             |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Drawings                   | 12,000  | Sales                   | 2,80,800        |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Purchases                  | 1,80,000  | Discount Received       | 3,000           |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Salaries                   | 18,000  | Commission              | 4,000           |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Rent & Taxes               | 6,800   | Sundry Creditors        | 40,000          |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Travelling Expenses        | 1,600   | Loan                    | 10,000          |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Opening Stock              | 75,000  | Capital                 | 1,00,000        |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Machinery                  | 28,400  |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Furniture                  | 12,000  |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Sundry Debtors             | 50,500  |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Cash in Hand               | 2,200   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Cash at Bank               | 10,400  |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Office Expenses            | 2,500   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Wages                      | 30,000  |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Freight & Carriage inwards | 4,000   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Insurance                  | 800   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Discount Allowed           | 1,600   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Returns Inwards (S/R)      | 2,000   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
|                            | <b>4,37,800</b>   |                         | <b>4,37,800</b> |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
|                            | <p><b>Adjustments:</b></p> <p>1) Closing stock Rs.68,500</p>  |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| 44                         | Prepare Trading and Profit & Loss A/c of Mr. Rama Raju for the year ending 31-3-2007 from the following Trial Balance   |                         | Evaluate        | 7   |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
|                            | <table border="1"> <thead> <tr> <th>Debit Balances</th> <th>Rs.</th> <th>Credit Balances</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Drawings</td> <td>18,000</td> <td>Sales</td> <td>41,460</td> </tr> <tr> <td>Purchases</td> <td>21,200</td> <td>Returns Outwards</td> <td>420</td> </tr> <tr> <td>Insurance</td> <td>2,200</td> <td>Interest</td> <td>240</td> </tr> <tr> <td>Rent</td> <td>600</td> <td>Creditors</td> <td>4,120</td> </tr> <tr> <td>Postage</td> <td>300</td> <td>Loan</td> <td>3,000</td> </tr> <tr> <td>Opening Stock</td> <td>3,100</td> <td>Capital</td> <td>12,000</td> </tr> <tr> <td>Building</td> <td>1,700</td> <td>Suspense A/c (Cr)</td> <td>2,700</td> </tr> <tr> <td>Furniture</td> <td>1,000</td> <td></td> <td></td> </tr> <tr> <td>Debtors</td> <td>6,000</td> <td></td> <td></td> </tr> <tr> <td>Cash in Hand</td> <td>1,300</td> <td></td> <td></td> </tr> <tr> <td>Stationery</td> <td>240</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td>5,200</td> <td></td> <td></td> </tr> <tr> <td>Freight &amp; Carriage inwards</td> <td>560</td> <td></td> <td></td> </tr> <tr> <td>Miscellaneous Expenses</td> <td>500</td> <td></td> <td></td> </tr> <tr> <td>Repairs</td> <td>900</td> <td></td> <td></td> </tr> <tr> <td>Bad Debts</td> <td>120</td> <td></td> <td></td> </tr> <tr> <td>Returns Inwards (S/R)</td> <td>1,020</td> <td></td> <td></td> </tr> <tr> <td></td> <td><b>63,940</b></td> <td></td> <td><b>63,940</b></td> </tr> </tbody> </table>   |                         | Debit Balances  | Rs. | Credit Balances | Rs. | Drawings | 18,000 | Sales | 41,460   | Purchases | 21,200   | Returns Outwards  | 420   | Insurance | 2,200  | Interest   | 240   | Rent         | 600   | Creditors        | 4,120  | Postage             | 300   | Loan | 3,000  | Opening Stock | 3,100  | Capital | 12,000   | Building  | 1,700  | Suspense A/c (Cr) | 2,700 | Furniture | 1,000  |  |  | Debtors        | 6,000  |  |  | Cash in Hand | 1,300 |  |  | Stationery   | 240    |  |  | Wages           | 5,200 |  |  | Freight & Carriage inwards | 560    |  |  | Miscellaneous Expenses     | 500   |  |  | Repairs   | 900 |  |  | Bad Debts        | 120   |  |  | Returns Inwards (S/R) | 1,020 |  |  |  | <b>63,940</b>   |  | <b>63,940</b>   |         |   |
| Debit Balances             | Rs.   | Credit Balances         | Rs.             |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Drawings                   | 18,000  | Sales                   | 41,460          |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Purchases                  | 21,200  | Returns Outwards        | 420             |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Insurance                  | 2,200   | Interest                | 240             |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Rent                       | 600   | Creditors               | 4,120           |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Postage                    | 300   | Loan                    | 3,000           |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Opening Stock              | 3,100   | Capital                 | 12,000          |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Building                   | 1,700   | Suspense A/c (Cr)       | 2,700           |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Furniture                  | 1,000   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Debtors                    | 6,000   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Cash in Hand               | 1,300   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Stationery                 | 240   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Wages                      | 5,200   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Freight & Carriage inwards | 560   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Miscellaneous Expenses     | 500   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Repairs                    | 900   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Bad Debts                  | 120   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
| Returns Inwards (S/R)      | 1,020   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
|                            | <b>63,940</b>   |                         | <b>63,940</b>   |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |
|                            | <p>Adjustments:</p> <ol style="list-style-type: none"> <li>Closing stock Rs.2,980</li> <li>Outstanding Wages Rs.200</li> <li>Outstanding Rent Rs.200</li> </ol>   |                         |                 |     |                 |     |          |        |       |          |           |          |                   |       |           |        |            |       |              |       |                  |        |                     |       |      |        |               |        |         |          |           |        |                   |       |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |     |  |  |                  |       |  |  |                       |       |  |  |  |                 |  |                 |         |   |

|                            | <p>4. Prepaid Insurance Rs.60</p> <p>5. Provide 5% for Doubtful Debts on Debtors.</p> <p>6. Provide 10% Depreciation on Buildings.</p>   |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
|----------------------------|--|------------------|----------|-----------------|-----|----------|--------|-------|----------|-----------|----------|------------------|-------|----------|--------|----------|-------|--------------|-------|------------|-------|---------------------|-------|------------------|--------|---------------|--------|------|--------|-----------|--------|---------|----------|-----------|--------|--|--|----------------|--------|--|--|--------------|-------|--|--|--------------|--------|--|--|-----------------|-------|--|--|----------------------------|--------|--|--|----------------------------|-------|--|--|-----------|-------|--|--|------------------|-------|--|--|-----------------------|--|--|--|--|----------|--|----------|----------|---|
| 45                         | <p>Prepare Trading and Profit &amp; Loss A/c and Balance Sheet of Mr. Mukharjee as at 31-12-1998 from the following Trial Balance</p> <table border="1"> <thead> <tr> <th>Debit Balances</th> <th>Rs.</th> <th>Credit Balances</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Drawings</td> <td>12,000</td> <td>Sales</td> <td>2,80,800</td> </tr> <tr> <td>Purchases</td> <td>1,80,000</td> <td>Discount</td> <td>3,000</td> </tr> <tr> <td>Salaries</td> <td>18,000</td> <td>Received</td> <td>4,000</td> </tr> <tr> <td>Rent &amp; Taxes</td> <td>6,800</td> <td>Commission</td> <td></td> </tr> <tr> <td>Travelling Expenses</td> <td>1,600</td> <td>Sundry Creditors</td> <td>40,000</td> </tr> <tr> <td>Opening Stock</td> <td>75,000</td> <td>Loan</td> <td>10,000</td> </tr> <tr> <td>Machinery</td> <td>28,400</td> <td>Capital</td> <td>1,00,000</td> </tr> <tr> <td>Furniture</td> <td>12,000</td> <td></td> <td></td> </tr> <tr> <td>Sundry Debtors</td> <td>50,500</td> <td></td> <td></td> </tr> <tr> <td>Cash in Hand</td> <td>2,200</td> <td></td> <td></td> </tr> <tr> <td>Cash at Bank</td> <td>10,400</td> <td></td> <td></td> </tr> <tr> <td>Office Expenses</td> <td>2,500</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td>30,000</td> <td></td> <td></td> </tr> <tr> <td>Freight &amp; Carriage inwards</td> <td>4,000</td> <td></td> <td></td> </tr> <tr> <td>Insurance</td> <td>1,600</td> <td></td> <td></td> </tr> <tr> <td>Discount Allowed</td> <td>2,000</td> <td></td> <td></td> </tr> <tr> <td>Returns Inwards (S/R)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>4,37,800</td> <td></td> <td>4,37,800</td> </tr> </tbody> </table> <p><b>Adjustments:</b></p> <ol style="list-style-type: none"> <li>Closing stock Rs.68,500</li> <li>Outstanding Salaries Rs.10,000</li> <li>Prepaid Insurance Rs.500</li> <li>Provide Bad Debts on Debtors Rs.5,000</li> <li>Depreciate Machinery by 10%</li> </ol> | Debit Balances   | Rs.      | Credit Balances | Rs. | Drawings | 12,000 | Sales | 2,80,800 | Purchases | 1,80,000 | Discount         | 3,000 | Salaries | 18,000 | Received | 4,000 | Rent & Taxes | 6,800 | Commission |       | Travelling Expenses | 1,600 | Sundry Creditors | 40,000 | Opening Stock | 75,000 | Loan | 10,000 | Machinery | 28,400 | Capital | 1,00,000 | Furniture | 12,000 |  |  | Sundry Debtors | 50,500 |  |  | Cash in Hand | 2,200 |  |  | Cash at Bank | 10,400 |  |  | Office Expenses | 2,500 |  |  | Wages                      | 30,000 |  |  | Freight & Carriage inwards | 4,000 |  |  | Insurance | 1,600 |  |  | Discount Allowed | 2,000 |  |  | Returns Inwards (S/R) |  |  |  |  | 4,37,800 |  | 4,37,800 | Remember | 7 |
| Debit Balances             | Rs.  | Credit Balances  | Rs.      |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Drawings                   | 12,000   | Sales            | 2,80,800 |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Purchases                  | 1,80,000   | Discount         | 3,000    |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Salaries                   | 18,000   | Received         | 4,000    |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Rent & Taxes               | 6,800  | Commission       |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Travelling Expenses        | 1,600  | Sundry Creditors | 40,000   |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Opening Stock              | 75,000   | Loan             | 10,000   |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Machinery                  | 28,400   | Capital          | 1,00,000 |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Furniture                  | 12,000   |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Sundry Debtors             | 50,500   |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Cash in Hand               | 2,200  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Cash at Bank               | 10,400   |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Office Expenses            | 2,500  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Wages                      | 30,000   |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Freight & Carriage inwards | 4,000  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Insurance                  | 1,600  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Discount Allowed           | 2,000  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Returns Inwards (S/R)      |  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
|                            | 4,37,800   |                  | 4,37,800 |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| 46                         | <p>Prepare Trading, Profit &amp; Loss A/c of Mr. Sukumar for the year ending 31-3-2007 and Balance Sheet as on that date from the following Trial Balance</p> <table border="1"> <thead> <tr> <th>Debit Balances</th> <th>Rs.</th> <th>Credit Balances</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Land</td> <td>15,300</td> <td>sales</td> <td>41,460</td> </tr> <tr> <td>Purchases</td> <td>11,200</td> <td>Returns Outwards</td> <td>420</td> </tr> <tr> <td>Salaries</td> <td>2,200</td> <td>(P/R)</td> <td>240</td> </tr> <tr> <td>Rent</td> <td>600</td> <td>Interest</td> <td>4,120</td> </tr> <tr> <td>Postage</td> <td>300</td> <td>Creditors</td> <td>3,000</td> </tr> <tr> <td>Opening Stock</td> <td>3,100</td> <td>Loan</td> <td>12,000</td> </tr> <tr> <td>Building</td> <td>1,700</td> <td>Capital</td> <td></td> </tr> <tr> <td>Furniture</td> <td>1,000</td> <td></td> <td></td> </tr> <tr> <td>Debtors</td> <td>6,000</td> <td></td> <td></td> </tr> <tr> <td>Cash in Hand</td> <td>1,300</td> <td></td> <td></td> </tr> <tr> <td>Stationery</td> <td>240</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td>5,200</td> <td></td> <td></td> </tr> <tr> <td>Freight &amp; Carriage inwards</td> <td>560</td> <td></td> <td></td> </tr> <tr> <td>Miscellaneous</td> <td>900</td> <td></td> <td></td> </tr> </tbody> </table>   | Debit Balances   | Rs.      | Credit Balances | Rs. | Land     | 15,300 | sales | 41,460   | Purchases | 11,200   | Returns Outwards | 420   | Salaries | 2,200  | (P/R)    | 240   | Rent         | 600   | Interest   | 4,120 | Postage             | 300   | Creditors        | 3,000  | Opening Stock | 3,100  | Loan | 12,000 | Building  | 1,700  | Capital |          | Furniture | 1,000  |  |  | Debtors        | 6,000  |  |  | Cash in Hand | 1,300 |  |  | Stationery   | 240    |  |  | Wages           | 5,200 |  |  | Freight & Carriage inwards | 560    |  |  | Miscellaneous              | 900   |  |  | Apply     | 7     |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Debit Balances             | Rs.  | Credit Balances  | Rs.      |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Land                       | 15,300   | sales            | 41,460   |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Purchases                  | 11,200   | Returns Outwards | 420      |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Salaries                   | 2,200  | (P/R)            | 240      |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Rent                       | 600  | Interest         | 4,120    |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Postage                    | 300  | Creditors        | 3,000    |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Opening Stock              | 3,100  | Loan             | 12,000   |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Building                   | 1,700  | Capital          |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Furniture                  | 1,000  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Debtors                    | 6,000  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Cash in Hand               | 1,300  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Stationery                 | 240  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Wages                      | 5,200  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Freight & Carriage inwards | 560  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |
| Miscellaneous              | 900  |                  |          |                 |     |          |        |       |          |           |          |                  |       |          |        |          |       |              |       |            |       |                     |       |                  |        |               |        |      |        |           |        |         |          |           |        |  |  |                |        |  |  |              |       |  |  |              |        |  |  |                 |       |  |  |                            |        |  |  |                            |       |  |  |           |       |  |  |                  |       |  |  |                       |  |  |  |  |          |  |          |          |   |

|                       | <table border="1"> <tr> <td>Expenses</td> <td>120</td> <td></td> <td></td> </tr> <tr> <td>Repairs</td> <td>1,020</td> <td></td> <td></td> </tr> <tr> <td>Bad Debts</td> <td>5,640</td> <td></td> <td></td> </tr> <tr> <td>Returns Inwards (S/R)</td> <td>4,360</td> <td></td> <td></td> </tr> <tr> <td></td> <td>61,240</td> <td></td> <td>61,240</td> </tr> </table> <p><b>Adjustments:</b> 1. Closing stock Rs.2,980<br/>2. Outstanding Salaries Rs.200<br/>3. Prepaid Rent Rs.60<br/>4. Provide 5% for Doubtful Debts on Debtors.</p>  | Expenses                        | 120                 |                      |                     | Repairs              | 1,020     |              |           | Bad Debts          | 5,640    |                                 |          | Returns Inwards (S/R) | 4,360 |        |    |          | 61,240 |        | 61,240 |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
|-----------------------|---|---------------------------------|---------------------|----------------------|---------------------|----------------------|-----------|--------------|-----------|--------------------|----------|---------------------------------|----------|-----------------------|-------|--------|----|----------|--------|--------|--------|----|-------|--|--------|--|----|---------------|--|--------|--|----|------|--|--------|--|----|-------|--|--|----------|----|-----------|--|----------|--|----|-----------------|--|--------|--|-----|-----------------|--|----------|--|-----|----------|--|--------|--|-----|---------|--|--------|--------|-----|----------------------|--|--------|--|-----|------------------|--|--|--------|-----|---------|--|--|----------|-----|-----------|--|--------|--|-----|----------------|--|--------|--|-----|---------------|--|--|--------|--|-------|--|-----------|-----------|------------|---|
| Expenses              | 120   |                                 |                     |                      |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
| Repairs               | 1,020   |                                 |                     |                      |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
| Bad Debts             | 5,640   |                                 |                     |                      |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
| Returns Inwards (S/R) | 4,360   |                                 |                     |                      |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
|                       | 61,240  |                                 | 61,240              |                      |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
| 47                    | <p>From the following Trial Balance and Adjustments, show Trading and Profit &amp; Loss Account for the year ending 31-12-2003 and Balance Sheet as on that date in the books of Mr. Vijay.</p> <table border="1"> <thead> <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> </thead> <tbody> <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> <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> </tbody> </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> | 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 |  | 18. | Bills Payable |  |  | 15,000 |  | TOTAL |  | 12,09,000 | 12,09,000 | Understand | 7 |
| 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              |                      |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
| 18.                   | Bills Payable   |                                 |                     | 15,000               |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
|                       | TOTAL   |                                 | 12,09,000           | 12,09,000            |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
| 48                    | <p>From the following Balance Sheet, You are required to calculate (i) Gross Profit Ratio(ii) Debtors Turnover Ratio(iii) Average Collection Period (iv) Creditors Turnover Ratio (v) Average Payment Period (vi) Stock / Inventory Turnover Ratio</p> <p style="text-align: center;">Balance Sheet of M/s. XYZ Ltd as on 31<sup>st</sup> March, 2003.</p> <table border="1"> <thead> <tr> <th>Liabilities</th> <th>Amount (Rs.)</th> <th>Assets</th> <th>Amount(Rs.)</th> </tr> </thead> <tbody> <tr> <td>Paid-up Capital</td> <td>15,00,000</td> <td>Fixed Assets</td> <td>16,50,000</td> </tr> <tr> <td>Reserves &amp; Surplus</td> <td>6,00,000</td> <td>Stock-in-Trade /Closing Stock /</td> <td>9,10,000</td> </tr> </tbody> </table>   | Liabilities                     | Amount (Rs.)        | Assets               | Amount(Rs.)         | Paid-up Capital      | 15,00,000 | Fixed Assets | 16,50,000 | Reserves & Surplus | 6,00,000 | Stock-in-Trade /Closing Stock / | 9,10,000 | Remember              | 8     |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
| Liabilities           | Amount (Rs.)  | Assets                          | Amount(Rs.)         |                      |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
| Paid-up Capital       | 15,00,000   | Fixed Assets                    | 16,50,000           |                      |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |
| Reserves & Surplus    | 6,00,000  | Stock-in-Trade /Closing Stock / | 9,10,000            |                      |                     |                      |           |              |           |                    |          |                                 |          |                       |       |        |    |          |        |        |        |    |       |  |        |  |    |               |  |        |  |    |      |  |        |  |    |       |  |  |          |    |           |  |          |  |    |                 |  |        |  |     |                 |  |          |  |     |          |  |        |  |     |         |  |        |        |     |                      |  |        |  |     |                  |  |  |        |     |         |  |  |          |     |           |  |        |  |     |                |  |        |  |     |               |  |  |        |  |       |  |           |           |            |   |

|    |   |                     |                            |                     |            |   |
|----|---|---------------------|----------------------------|---------------------|------------|---|
|    |   |                     | Inventory                  |                     |            |   |
|    | Debtures  | 5,00,000            | Book Debts / Trade Debtors | 12,40,000           |            |   |
|    | Bank Overdraft  | 2,00,000            | Investments (Short-Term)   | 1,60,000            |            |   |
|    | Trade Creditors   | 12,00,000           | Cash –in-hand              | 40,000              |            |   |
|    |   | 40,00,000           |                            | 40,00,000           |            |   |
|    | Other Information:  |                     |                            |                     |            |   |
|    | 1. Annual Credit Sales amounted to Rs. 74,40,000.   |                     |                            |                     |            |   |
|    | 2. Gross Profit Rs. 7,44,000.   |                     |                            |                     |            |   |
|    | 3. Bank Overdraft is payable on demand.   |                     |                            |                     |            |   |
| 49 | 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.  |                     |                            |                     | Understand | 8 |
|    |   |                     |                            |                     |            |   |
|    | <b>Liabilities</b>  | <b>Amount (Rs.)</b> | <b>Assets</b>              | <b>Amount (Rs.)</b> |            |   |
|    | 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% Debtures  | 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              |            |   |
|    |   | <b>29,00,000</b>    |                            | <b>29,00,000</b>    |            |   |
|    | <b>Other Information: Earnings Before Interest and Taxes (EBIT) Rs. 5,00,000</b>  |                     |                            |                     |            |   |
| 50 | You are required to Compute General Profitability Ratios like (i) Gross Profit Ratio (ii) Net Profit Ratio (iii) Operating Ratio (iv) Operating Profit Ratio (v) Earnings per Share (EPS) (vi) Price Earnings Ratio (P/E Ratio) (vii) Cost of Goods Sold Ratio (viii) Administrative Expenses Ratio (ix) Selling & Distribution Expenses Ratio from the following Trading and Profit & Loss Account Trading and Profit & Loss A/c of Mr. Mukesh for the year ending 31-12-2008. |                     |                            |                     | Apply      | 8 |
|    | Dr  |                     |                            |                     |            |   |
|    | Cr  |                     |                            |                     |            |   |
|    | <b>Particulars</b>  | <b>Amount Rs.</b>   | <b>Particulars</b>         | <b>Amount Rs.</b>   |            |   |
|    | To Opening Stock  | 76,250              | By Net Sales               | 5,00,000            |            |   |
|    | To Purchases  | 3,15,250            | By Closing Stock           | 98,500              |            |   |
|    | To Wages  | 7,000               |                            |                     |            |   |
|    | To Gross Profit (B.F)<br>(To be transferred to P&L A/c)   | 2,00,000            |                            |                     |            |   |
|    |   | <b>5,98,500</b>     |                            | <b>5,98,500</b>     |            |   |
|    | To Administrative Expenses  | 1,01,000            | By Gross Profit            | 2,00,000            |            |   |
|    | To Selling & Distribution Expenses  | 12,000              | By Non-operating Income    | 6,000               |            |   |
|    | To Non-operating  | 9,000               |                            |                     |            |   |



|   | <table border="1"> <tr> <td>Expenses(Depreciation, Interest and Tax)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>To Net Profit (B.F)<br/>(To be transferred to Capital A/c)</td> <td>84,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td><b>2,06,000</b></td> <td></td> <td><b>2,06,000</b></td> </tr> </table> <p><b>Other Information:</b></p> <table border="1"> <tr> <td>10,000 Equity Shares Market Price @ Rs.10 each</td> <td>Rs.1,00,000</td> </tr> </table>   | Expenses(Depreciation, Interest and Tax) |                 |        |              | To Net Profit (B.F)<br>(To be transferred to Capital A/c) | 84,000    |                |          |                             | <b>2,06,000</b> |                   | <b>2,06,000</b> | 10,000 Equity Shares Market Price @ Rs.10 each | Rs.1,00,000 |                   |          |                   |          |            |          |                  |          |                  |          |           |        |                   |        |                |        |                      |          |               |          |              |          |                        |          |                       |        |  |           |  |           |          |   |
|---|---|--|-----------------|--------|--------------|---|-----------|----------------|----------|-----------------------------|-----------------|-------------------|-----------------|--|-------------|-------------------|----------|-------------------|----------|------------|----------|------------------|----------|------------------|----------|-----------|--------|-------------------|--------|----------------|--------|----------------------|----------|---------------|----------|--------------|----------|------------------------|----------|-----------------------|--------|--|-----------|--|-----------|----------|---|
| Expenses(Depreciation, Interest and Tax)                  |   |  |                 |        |              |   |           |                |          |                             |                 |                   |                 |  |             |                   |          |                   |          |            |          |                  |          |                  |          |           |        |                   |        |                |        |                      |          |               |          |              |          |                        |          |                       |        |  |           |  |           |          |   |
| To Net Profit (B.F)<br>(To be transferred to Capital A/c) | 84,000  |  |                 |        |              |   |           |                |          |                             |                 |                   |                 |  |             |                   |          |                   |          |            |          |                  |          |                  |          |           |        |                   |        |                |        |                      |          |               |          |              |          |                        |          |                       |        |  |           |  |           |          |   |
|   | <b>2,06,000</b>   |  | <b>2,06,000</b> |        |              |   |           |                |          |                             |                 |                   |                 |  |             |                   |          |                   |          |            |          |                  |          |                  |          |           |        |                   |        |                |        |                      |          |               |          |              |          |                        |          |                       |        |  |           |  |           |          |   |
| 10,000 Equity Shares Market Price @ Rs.10 each            | Rs.1,00,000   |  |                 |        |              |   |           |                |          |                             |                 |                   |                 |  |             |                   |          |                   |          |            |          |                  |          |                  |          |           |        |                   |        |                |        |                      |          |               |          |              |          |                        |          |                       |        |  |           |  |           |          |   |
| 51  | <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 border="1"> <thead> <tr> <th>Liabilities</th> <th>Amount (Rs.)</th> <th>Assets</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <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> </tbody> </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 | Evaluate | 8 |
| 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       |        |              |   |           |                |          |                             |                 |                   |                 |  |             |                   |          |                   |          |            |          |                  |          |                  |          |           |        |                   |        |                |        |                      |          |               |          |              |          |                        |          |                       |        |  |           |  |           |          |   |
| 52  | <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 border="1"> <thead> <tr> <th>Liabilities</th> <th>Amount (Rs.)</th> <th>Assets</th> <th>Amount(Rs.)</th> </tr> </thead> <tbody> <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> <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> </tbody> </table> <p>Other Information: Sales for the year Rs.6,00,000</p>   | 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   | 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 | Understand             | 8        |                       |        |  |           |  |           |          |   |
| 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          |        |              |   |           |                |          |                             |                 |                   |                 |  |             |                   |          |                   |          |            |          |                  |          |                  |          |           |        |                   |        |                |        |                      |          |               |          |              |          |                        |          |                       |        |  |           |  |           |          |   |
| 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        |        |              |   |           |                |          |                             |                 |                   |                 |  |             |                   |          |                   |          |            |          |                  |          |                  |          |           |        |                   |        |                |        |                      |          |               |          |              |          |                        |          |                       |        |  |           |  |           |          |   |
| 53  | <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>   | Remember                                 | 8               |        |              |   |           |                |          |                             |                 |                   |                 |  |             |                   |          |                   |          |            |          |                  |          |                  |          |           |        |                   |        |                |        |                      |          |               |          |              |          |                        |          |                       |        |  |           |  |           |          |   |

| Particulars                        | Amount<br>Rs.   | Particulars       | Amount<br>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>   |
|                                    |                 |                   |                 |

