

OBJECTIVES

The objectives of this course are to impart knowledge and abilities to the students to:

- I. To understand the concepts of managerial economics and financial analysis this helps in optimal Decision making in business environment.
- II. To be familiar with demand concepts, types of methods or techniques of demand those are used by the entrepreneur or producer.
- III. To have a thorough knowledge on the production theories and cost while dealing with the production and factors of production.
- IV. To introduce the concepts of cost and significance, limitation of Break even analysis.
- V. An ability to study the various pricing methods which are adopted in attracting the potential Customers for the different commodities.
- VI. To acquaint the significance of the project management, capital budgeting, estimation of the projects through capital budgeting methods for choosing the best and optimal projects.
- VII. To provide the optimal decisions acquiring the knowledge on financial accounting and management accounting.

| S No | QUESTION | Blooms taxonomy level | Course Outcomes |
|---------------------------------------------|-----------------------------------------------------------|-----------------------|-----------------|
| UNIT - I | | | |
| INTRODUCTION TO MANAGERIAL ECONOMICS | | | |
| Part - A (Short Answer Questions) | | | |
| 1 | Define Economics. | Remember | 1 |
| 2 | Define Managerial Economics. | Remember | 1 |
| 3 | Write a short note on Macro Economics | Analyze | 1 |
| 4 | Write a short note on Micro Economics. | Analyze | 1 |
| 5 | Explain Investment Decision. | Understand | 1 |
| 6 | State the Normative Statement. | Remember | 1 |
| 7 | Define demand. | Remember | 2 |
| 8 | Write short note on perfectly Price Inelastic Demand. | Understand | 2 |
| 9 | Discuss about the Giffen's Paradox. | Understand | 2 |
| 10 | Describe a short note on Relatively Price elastic Demand. | Understand | 2 |
| 11 | Describe Relatively Price Inelastic Demand | Remember | 2 |
| 12 | Define Elasticity of Demand. | Remember | 2 |
| 13 | Write short notes on Unit Price Elasticity of Demand | Understand | 2 |
| 14 | Write short note on perfectly price elastic Demand. | Understand | 2 |

| | | | |
|----|-------------------------------------------------|------------|---|
| 15 | Write short note on cross elasticity of demand. | Understand | 2 |
| 16 | State Zero Income Elasticity of Demand | Remember | 2 |
| 17 | State Negative Income Elasticity. | Understand | 2 |
| 18 | State Unit Income Elasticity. | Understand | 2 |
| 19 | State Income Elasticity is greater than unity. | Understand | 2 |
| 20 | Discuss about Elastic Demand | Understand | 2 |
| 21 | Discuss about Inelastic Demand | Understand | 2 |

Part - B (Long Answer Questions)

| | | | |
|----|------------------------------------------------------------------------------------|------------|---|
| 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 Law 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 Elasticity of Demand. | Analyze | 2 |
| 10 | Consider different methods of Cross Elasticity of Demand. | Understand | 2 |
| 11 | How to measure Price Elasticity of Demand under Total Expenditure Method? Explain. | Remember | 2 |
| 12 | Write about the Demand Function. | Analyze | 2 |
| 13 | Define Demand Forecasting. Illustrate different methods of Demand Forecasting. | Apply | 2 |
| 14 | Discuss the factors governing Demand Forecasting. | Understand | 2 |
| 15 | Illustrate Survey based Demand Forecasting methods with appropriate examples. | Remember | 2 |

Part - C (Problem Solving and Critical Thinking Questions)

| | | | |
|----|---------------------------------------------------------|------------|---|
| 1 | Explain different types of Price Elasticity of Demand. | Remember | 2 |
| 2 | Explain different types of Income Elasticity of Demand. | Remember | 2 |
| 3 | Write different types of Cross Elasticity of Demand. | Apply | 2 |
| 4 | Write any two methods of Demand Forecasting | Apply | 2 |
| 5 | Explain Investment Decision. | Remember | 1 |
| 6 | Explain Price-output Decision. | Remember | 1 |
| 7 | Explain Input-output Decision. | Remember | 1 |
| 8 | State different types of Income Elasticity. | Understand | 2 |
| 9 | State different types of Price Elasticity. | Understand | 2 |
| 10 | State different types of Cross Elasticity. | Understand | 2 |

**UNIT - II
PRODUCTION AND COST ANALYSIS**

Part - A (Short Answer Questions)

| | | | |
|----|--------------------------------------------------------|------------|---|
| 1 | Explain the Break Even Point. | Remember | 3 |
| 2 | Discuss about Iso- Cost. | Understand | 3 |
| 3 | Discuss about Iso- Quant. | Remember | 3 |
| 4 | Write short notes on Contribution. | Understand | 3 |
| 5 | State the meaning of Margin of Safety. | Remember | 3 |
| 6 | Write a note on opportunity cost | Analyze | 3 |
| 7 | Write Differences between explicit and implicit costs. | Analyze | 3 |
| 8 | Write short note on Profit and Volume Ratio. | Understand | 3 |
| 9 | Write short note on Angle of Incidence | Understand | 3 |
| 10 | Write the assumptions of BEA. | Analyze | 3 |

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| 11 | Write short notes on Contribution. | Understand | 3 | | | | | | | | | |
| 12 | State the meaning of Margin of Safety Ratio. | Remember | 3 | | | | | | | | | |
| 13 | List out the assumptions of Break-Even Analysis. | Remember | 3 | | | | | | | | | |
| 14 | State the exceptions of law of diminishing marginal utility. | Remember | 3 | | | | | | | | | |
| 15 | List out the external economies of scale. | Remember | 3 | | | | | | | | | |
| 16 | List out the External Economies of scale. | Remember | 3 | | | | | | | | | |
| 17 | Write the formula for Contribution. | understand | 3 | | | | | | | | | |
| 18 | Write the formula for Margin of Safety | Understand | 3 | | | | | | | | | |
| 19 | Write the formula for P/V Ratio. | Understand | 3 | | | | | | | | | |
| 20 | Write the formula for Break-Even Point (in value) | Understand | 3 | | | | | | | | | |
| 21 | Write the formula for Break-Even Point (in units) | Understand | 3 | | | | | | | | | |
| 22 | Write the formula for Margin of Safety Ratio | Understand | 3 | | | | | | | | | |
| 23 | Write the formula for estimated sales at a desired profit. | | | | | | | | | | | |
| Part - B (Long Answer Questions) | | | | | | | | | | | | |
| 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 assumptions of Break Even Analysis. | Remember | 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. | 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 | Describe different types of External Economies. | Understand | 3 | | | | | | | | | |
| Part – C (Problem Solving and Critical Thinking) | | | | | | | | | | | | |
| 1 | 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 Fixed Expenditure Rs.90,000 <u>Variable Cost Per unit :</u> Direct Material Rs.5 Direct Labour Rs.2 Direct Overheads 100% of Direct Labour Selling price per unit Rs.12. | Apply | 3 | | | | | | | | | |
| 2 | The following data are available from the records of a company Sales Rs.60,000 Variable cost Rs.30,000 Fixed Cost RS.15,000 You are required to i) Compute the P/V Ratio, Break-Even Point and Margin of Safety at this level. ii) Compute the above with the effect of 10% increase in selling price. iii) Compute the above with the effect of 10% decrease in selling price. | Understand | 3 | | | | | | | | | |
| 3 | The Sales Turnover and profit during two years were given as follows: <table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="text-align: center;">Years</td> <td style="text-align: center;">2001</td> <td style="text-align: center;">2002</td> </tr> <tr> <td style="text-align: center;">Sales (Rs.)</td> <td style="text-align: center;">7,00,000</td> <td style="text-align: center;">9,00,000</td> </tr> <tr> <td style="text-align: center;">Profit/Loss (Rs.)</td> <td style="text-align: center;">- 10,000</td> <td style="text-align: center;">10,000</td> </tr> </table> You are required to Compute the following: i) P/V Ratio ii) Fixed Cost iii) Break Even Point in Value and Units iv) Sales required to earn a profit of Rs.40,000 v) Profit when Sales are Rs.12,00,000. 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 | | | | | | | | | | |
| 4 | The Sales Turnover and profit during two years were given as follows: <table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="text-align: center;">Years</td> <td style="text-align: center;">2005</td> <td style="text-align: center;">2006</td> </tr> </table> | Years | 2005 | 2006 | Evaluate | 3 | | | | | | |
| Years | 2005 | 2006 | | | | | | | | | | |

| | <p>Sales (Rs.) 38,000 65,000 Profit/Loss (Rs.) - 2,400 3,000</p> <p>You are required to compute the following:</p> <p>i. P/V Ratio ii. Fixed Cost iii. Break Even Point in Value and Units iv. Sales required to earn a profit of Rs.5,000 v. Profit when Sales are Rs.46,000.</p> <p>The Selling Price per unit can be assumed at Rs.10</p> | | | | | | | | | | | |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------|------|-------------------|----------|----------|------------------|--------|--------|------------|---|
| 5 | <p>The Sales Turnover and profit during two years were given as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Years</th> <th style="text-align: center;">2003</th> <th style="text-align: center;">2004</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td style="text-align: center;">1,00,000</td> <td style="text-align: center;">1,20,000</td> </tr> <tr> <td>Profit (Rs.)</td> <td style="text-align: center;">15,000</td> <td style="text-align: center;">23,000</td> </tr> </tbody> </table> <p>You are required to Compute the following:</p> <p>i)P/V Ratio ii) Fixed Cost iii) Break Even Point (Value) ii) Sales required to earn a profit of Rs.20,000 iii) Profit when Sales are Rs.1,25,000.</p> | 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 | | | | | | | | | | |
| 6 | <p>The Total Sales Turnover and Total Cost during two years were given as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Years</th> <th style="text-align: center;">2009</th> <th style="text-align: center;">2010</th> </tr> </thead> <tbody> <tr> <td>Total Sales (Rs.)</td> <td style="text-align: center;">42,500</td> <td style="text-align: center;">39,200</td> </tr> <tr> <td>Total Cost (Rs.)</td> <td style="text-align: center;">38,700</td> <td style="text-align: center;">36,852</td> </tr> </tbody> </table> <p>You are required to Compute the following:</p> <p>i)P/V Ratio ii) Fixed Cost iii) Break Even Point (Value) ii) Sales required to earn a profit of Rs.6,000 iii) Profit when Sales are Rs.47,500</p> | 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 | | | | | | | | | | |
| 7 | <p>The Sales Turnover and profit during two years were given as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Years</th> <th style="text-align: center;">2003</th> <th style="text-align: center;">2004</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td style="text-align: center;">1,40,000</td> <td style="text-align: center;">1,60,000</td> </tr> <tr> <td>Profit (Rs.)</td> <td style="text-align: center;">15,000</td> <td style="text-align: center;">20,000</td> </tr> </tbody> </table> <p>You are required to Compute the following:</p> <p>i)Break Even Point (Value) ii) Sales required to earn a profit of Rs.40,000 iii) Profit when Sales are Rs.1,20,000.</p> | 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 | | | | | | | | | | |
| 8 | <p>You are given the following information about two companies in 2000.</p> <p>Sales CompanyA:Rs.50,00,000 CompanyB:Rs.50,00,000</p> <p>Fixed Expenses CompanyA:Rs.12,00,000 CompanyB:Rs.17,00,000</p> <p>Variable Expenses CompanyA:Rs.35,00,000 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 | | | | | | | | | |
| UNIT-III | | | | | | | | | | | | |
| MARKETS AND NEW ECONOMIC ENVIRONMENT | | | | | | | | | | | | |
| Part - A (Short Answer Questions) | | | | | | | | | | | | |
| 1. | Illustrate perfect competition. | Apply | 4 | | | | | | | | | |
| 2. | Explain about product differentiation | Understand | 4 | | | | | | | | | |
| 3. | Discuss about oligopoly. | Remember | 4 | | | | | | | | | |
| 4. | Identify the market skimming. | Create | 4 | | | | | | | | | |
| 5. | Describe the Block Pricing. | Understand | 4 | | | | | | | | | |
| 7. | State the equilibrium price. | Remember | 4 | | | | | | | | | |

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|-----------------------------------------|---------------------------------------------------------------------------|------------|---|
| 9. | List out the features of Perfect Market. | Remember | 4 |
| 12 | Describe monopolistic competition. | Remember | 4 |
| 13 | Write short notes on Monopoly Competition. | Analyze | 4 |
| 14 | What is promotional pricing? | Understand | 4 |
| 15 | Define market. | Remember | 4 |
| 16 | Discuss about Duopoly | Remember | 4 |
| 17 | Define Monopolistic Competition Market. | Remember | 4 |
| 18 | List out the features of Monopoly Market. | Remember | 4 |
| 19 | List out the features of Monopolistic Competition Market. | Remember | 4 |
| 20 | Illustrate Price Discrimination. | Apply | 4 |
| 21 | Write short note on Price Maker. | Analyze | 4 |
| 22 | Write short note on Price Taker. | Analyze | 4 |
| 23 | List out the features of Perfect Competition Market. | Remember | 4 |
| 24 | Discuss the Promotional Pricing | Understand | 4 |
| 25 | Explain about the Target Pricing. | Remember | 4 |
| 26 | Write short note Cost plus pricing. | Analyze | 4 |
| 27 | Discuss Marginal cost pricing. | Understand | 4 |
| 28 | Explain the Group Equilibrium. | Understand | 4 |
| 29 | List out the features of Sole Trading | Remember | 4 |
| 30 | List out the features of Partnership | Remember | 4 |
| 31 | List out the features of Company | Remember | 4 |
| 32 | List out the features of Public Enterprises | Remember | 4 |
| 33 | List out the merits of Sole Trading | Remember | 4 |
| 34 | List out the merits of Partnership | Remember | 4 |
| 35 | List out the merits of company | Remember | 4 |
| 36 | List out the demerits of Sole Trading | Remember | 4 |
| 37 | List out the demerits of Partnership | Remember | 4 |
| 38 | List out the demerits of Company | Remember | 4 |
| 39 | Write a short note on Common Seal | Analyze | 4 |
| 40 | What is globalization? | Understand | 4 |
| 41 | Define Business. | Remember | 5 |
| 42 | Illustrate the features of business. | Remember | 5 |
| 43 | Define sole trading. | Remember | 5 |
| 44 | Define Partnership | Remember | 5 |
| 45 | Define Company. | Remember | 5 |
| 46 | List out the features of company. | Remember | 5 |
| 47 | Define Public Enterprise. | Remember | 5 |
| 48 | State Public Corporation. | Remember | 5 |
| 49 | What is unlimited Liability? | Evaluate | 5 |
| 50 | List out different types of Partners. | Remember | 5 |
| 51 | Write any two differences between Public Company and Private company. | Analyze | 5 |
| 52 | Write a short note on Public Limited Company | Analyze | 5 |
| 53 | Write a short note on Private company | Analyze | 5 |
| 54 | Write a short note on Active Partner | Analyze | 5 |
| 55 | Write a short note on Minor Partner | Analyze | 5 |
| 56 | Write a short note on Partner by Estoppel | Analyze | 5 |
| Part – B (Long Answer Questions) | | | |
| 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 types of Pricing. | Apply | 4 |
| 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 |
| 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 |

Part – C (Problem Solving and Critical Thinking)

| | | | |
|----|--------------------------------------------------------------------------------------------------|------------|---|
| 1 | How to determine price under Perfect Competition? Illustrate. | Apply | 4 |
| 2 | Discuss price-output determination in case of Monopoly. | Understand | 4 |
| 3 | Write differences between Perfect competition and Monopoly. | Apply | 4 |
| 4 | Write differences between perfect and imperfect market. Explain different types of Pricing. | Apply | 4 |
| 5 | Define Monopolistic Competition. Explain the features of Monopolistic Competition. | Remember | 4 |
| 6 | How to determine price- output in case of Monopolistic Competition? Discuss. | Apply | 4 |
| 7 | Define Business. Explain its characteristics. | Remember | 5 |
| 8 | Define Sole Trading. Describe the features, merits and demerits of Sole Trading? | Understand | 5 |
| 9 | Define Partnership. State the features, merits and demerits of Partnership? | Remember | 5 |
| 10 | Define Joint Stock Company. Illustrate the features, merits and demerits of Joint Stock Company. | Apply | 5 |

**UNIT-IV
CAPITAL AND CAPITAL BUDGETING**

Part – A (Short Answer Questions)

| | | | |
|----|----------------------------------------------------|------------|---|
| 1 | Write short note on the features of fixed capital. | Remember | 6 |
| 2 | Sketch the significance of capital. | Apply | 6 |
| 3 | Discuss the components of working capital. | Understand | 6 |
| 4 | Sketch working capital cycle. | Apply | 6 |
| 5 | Explain Debt Factoring. | Understand | 6 |
| 6 | Write different types of shares. | Analyze | 6 |
| 7 | Write a short note on commercial paper. | Remember | 6 |
| 8 | Write a formula for Pay- back period | Analyze | 6 |
| 9 | Write a formula for Average Rate of Return | Analyze | 6 |
| 10 | Write a formula for Net Present Value | Analyze | 6 |
| 11 | Write a formula for Profitability Index | Analyze | 6 |
| 12 | Write a formula for Internal Rate of Return | Analyze | 6 |
| 13 | Explain the meaning of payback period. | Remember | 6 |
| 14 | Write a note on profitability index. | Analyze | 6 |
| 15 | State the meaning of Net Present Value | Remember | 6 |
| 16 | Define Capital Budgeting | Remember | 6 |
| 17 | List out the Significance of Capital Budgeting | Remember | 6 |

| 18 | List out the limitations of Capital Budgeting | Remember | 6 | | | | | | | | | | | | | | | | | | | | | | | | |
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| 19 | List out the factors which are influenced on working capital requirements. | Remember | 6 | | | | | | | | | | | | | | | | | | | | | | | | |
| 20 | State the meaning Average Rate of Return. | Remember | 6 | | | | | | | | | | | | | | | | | | | | | | | | |
| Part – B (Long Answer Questions) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | Illustrate the limitations of Capital Budgeting. | Apply | 6 | | | | | | | | | | | | | | | | | | | | | | | | |
| Part – C (Problem Solving and Critical Thinking) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | <p>The cost of a project is Rs.50,000 and annual cash inflows for the next five years are given as follows:</p> <p style="margin-left: 20px;">1st year Rs.25,000 2nd year Rs.25,000 3rd year Rs.25,000 4th year Rs.25,000 5th year Rs.25,000 Total <u>125,000</u></p> <p>What is the pay-back period for the project?</p> | Remember | 6 | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | <p>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:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">Machine-M</th> <th style="text-align: center;">Machine-N</th> </tr> </thead> <tbody> <tr> <td>Estimated Life</td> <td style="text-align: center;">4 years</td> <td style="text-align: center;">5 years</td> </tr> <tr> <td>Cost of machine</td> <td style="text-align: center;">Rs.90,000</td> <td style="text-align: center;">Rs.1,80,000</td> </tr> <tr> <td>Estimated Savings in scrap</td> <td style="text-align: center;">Rs.5,000</td> <td style="text-align: center;">Rs.8,000</td> </tr> <tr> <td>Estimated Savings in direct labour /wages</td> <td style="text-align: center;">Rs.60,000</td> <td style="text-align: center;">Rs.80,000</td> </tr> <tr> <td>Additional cost of Maintenance</td> <td style="text-align: center;">Rs.8,000</td> <td style="text-align: center;">Rs.10,000</td> </tr> <tr> <td>Additional cost of supervision</td> <td style="text-align: center;">Rs.12,000</td> <td style="text-align: center;">Rs.18,000</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 | Additional cost of supervision | Rs.12,000 | Rs.18,000 | 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 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional cost of supervision | Rs.12,000 | Rs.18,000 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | <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:</p> <p>Net Profits Before Depreciation and After Tax (NPBDAT) for Two projects were given below:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="text-align: center;">Years</th> <th style="text-align: center;">Project-X (Rs.)</th> <th style="text-align: center;">Project-Y (Rs.)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1,000</td> <td style="text-align: center;">2,000</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">2,000</td> <td style="text-align: center;">4,000</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">4,000</td> <td style="text-align: center;">6,000</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">5,000</td> <td style="text-align: center;">8,000</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">8,000</td> <td style="text-align: center;">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 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | <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" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="text-align: center;">Years</th> <th style="text-align: center;">Proposal-I</th> <th style="text-align: center;">Proposal-II</th> <th style="text-align: center;">Proposal-III</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">12,500</td> <td style="text-align: center;">11,750</td> <td style="text-align: center;">13,500</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">12,500</td> <td style="text-align: center;">12,250</td> <td style="text-align: center;">12,500</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">12,500</td> <td style="text-align: center;">12,500</td> <td style="text-align: center;">12,250</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">12,500</td> <td style="text-align: center;">13,500</td> <td style="text-align: center;">11,750</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">50,000</td> <td style="text-align: center;">50,000</td> <td style="text-align: center;">50,000</td> </tr> </tbody> </table> | 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 | | | | | | | | | | | | | | | | | | | | | | | | |

| | Predict Accounting Rate of Return on (i) Average Capital (ii) Original Capital Employed. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|-----------------------|-------|----------|-------|-----------------|--------|--------|-------|----------|--------|-----------------|--------|--------|----------|-------|--------|------------|-------|-----------------------|-------|-------|-------|-------|------------|---|-----------------------|-------|-------|-------|-------|-------|-------|---|
| 5 | <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" style="margin-left: auto; margin-right: auto;"> <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 (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" style="margin-left: auto; margin-right: auto;"> <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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | <p>No project is acceptable unless the yield is 10%. Cash Inflows of a certain project along with Cash outflows are given below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <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> <tr><td>4</td><td>-----</td><td>80,000</td></tr> <tr><td>5</td><td>-----</td><td>30,000</td></tr> </tbody> </table> <p>The salvage value at the end of the 5th year is Rs.40,000. Predict (i) Net Present Value. P.V. of Rs.1 @10%D.f as per Present Value Tables given below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Years</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</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> <td>0.621</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 | 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 |
| Years | Cash Outflows (Rs.) | Cash Inflows (Rs.) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0 | 1,50,000 | ----- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | 30,000 | 20,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | ----- | 30,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | ----- | 60,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | <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" style="margin-left: auto; margin-right: auto;"> <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: (i)Net Present Value @24% D.f. (ii)Profitability Index @24%D.f (iii)Pay-back Period (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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | <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" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Years</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <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> </tbody> </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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | <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" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Years</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> | Years | 1 | 2 | 3 | 4 | 5 | | | | | | | Apply | 6 | | | | | | | | | | | | | | | | | | | | | |
| Years | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|------------------------|-------|-------|------------|---|
| | 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 | | |
| 10 | A Company has an investment opportunity costing Rs.40,000 with the following expected net cash flow after taxes and before depreciation. | | | | | | 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 | | | | |
| | 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. | | | | | | | |
| 11 | 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. | | | | | | 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 st Year | Rs. 2,000 | Rs.3,000 | | | | | |
| | 2 nd Year | 1,500 | 3,000 | | | | | |
| | 3 rd Year | 1,500 | 2,000 | | | | | |
| | 4 th Year | 1,000 | 1,000 | | | | | |
| | 5 th Year | Nil | 1,000 | | | | | |
| | Total PAT | 6,000 | 10,000 | | | | | |
| | If the required rate of return is 12% which project should be undertaken? | | | | | | | |

UNIT-V INTRODUCTION TO FINANCIAL ACCOUNTING AND RATIO ANALYSIS

Part - A (Short Answer Questions)

| | | | |
|----|-----------------------------------------------------|------------|---|
| 1 | Define Financial Accounting. | Remember | 7 |
| 2 | Discuss the meaning of Journal Proper. | Understand | 7 |
| 3 | List out different types of Accounting Concepts. | Remember | 7 |
| 4 | Explain the meaning of Double Entry System. | Understand | 7 |
| 5 | State the meaning of purchase book | Remember | 7 |
| 6 | Define subsidiary books | Remember | 7 |
| 7 | Identify the meaning of trial balance. | Evaluate | 7 |
| 8 | State the errors of principle | Remember | 7 |
| 9 | Describe the Meaning of Errors of Omission | Understand | 7 |
| 10 | Write a note on provisions for doubtful debts. | Analyze | 7 |
| 11 | State the Meaning of Revenue Receipt | Remember | 7 |
| 12 | Explain the meaning of Contra Entry. | Understand | 7 |
| 13 | Illustrate the meaning of ledger account. | Apply | 7 |
| 14 | Explain the meaning of Capital Expenditure. | Understand | 7 |
| 15 | List out different types of Accounting Conventions. | Remember | 7 |
| 16 | Explain a short note on current ratio | Understand | 8 |
| 17 | Identify the formula for Operating ratio. | Apply | 8 |

| | | | |
|----|----------------------------------------------------------------------------|------------|---|
| 18 | Write the formula for Debt Equity Ratio | Remember | 8 |
| 19 | Indicate the limitations of ratio analysis. | Remember | 8 |
| 20 | Discuss the Return on Capital Employed | Understand | 8 |
| 21 | Indicate the formula for debt collection period? | Understand | 8 |
| 22 | Define Ratio Analysis. | Remember | 8 |
| 23 | State the meaning of Price-Earnings Ratio. | Remember | 8 |
| 24 | Write the meaning of Earnings per share. | Analyze | 8 |
| 25 | Describe two types of capital structure ratios. | Understand | 8 |
| 26 | Identify different types of Activity Ratios. | Create | 8 |
| 27 | State the meaning of Interest Coverage Ratio. | Remember | 8 |
| 28 | Explain the meaning and computing procedure of Return on Capital Employed. | Understand | 8 |
| 29 | Identify the formulas for liquidity ratios. | Evaluate | 8 |
| 30 | What is the formula for Interest Coverage Ratio? | Understand | 8 |

Part - B (Long Answer Questions)

| | | | |
|-----|----------------------------------------------------------------------------------------------------|------------|---|
| 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 |
| 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 |

Part – C (Problem Solving and Critical Thinking)

| | | | |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---|
| 1 | Write Journal Entries in the books of Mr. Sukumar from the following transactions 2008, Jan. 1 st Goods purchased from Raju on credit Rs.10,000 Jan 2 nd Goods purchased from Ramu Rs.20,000 Jan 3 rd Goods returned to Raju Rs.1,000 Jan 4 th Goods returned to Ramu Rs.2,000 Jan 5 th Goods sold to Suresh on credit Rs.30,000 Jan 6 th Goods sold to Mahesh Rs.40,000 Jan 7 th Goods returned from Mahesh Rs.4,000 Jan 8 th Goods returned by Suresh Rs.3,000 Jan 9 th Building sold to Venkat Rs.50,000 Jan 31 st Furniture purchased from Kishore Rs.5,000 | Understand | 7 |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---|

| | | | |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---|
| 2 | <p>Write Journal Entries in the books of Mr. Bhavani Sankar from the following transactions</p> <p>2002, Jan.1st Business commenced with Rs.15,000 Jan.2nd . Cash paid into bank Rs.10,000 Jan. 3rd .Sold goods for cash Rs.7,000 Jan. 4th . Purchased goods from Vijay Rs.3,000 Jan. 5th . Machinery Purchased for Rs.5,000 Jan.30th Rent paid Rs.2,000 Jan 31st Depreciation charged on Machinery Rs.3,000 Jan 31st Depreciation charged on Furniture Rs.500</p> | Apply | 7 |
| 3 | <p>Write Journal Entries in the books of Mr.Kiran from the following transactions</p> <p>2013, May 1st Insurance paid by cheque Rs.3,000 May 9th Telephone Rent Paid in cash Rs.2,000 May 10th Stationery Purchased for Rs.1,000 May 11th Telegrams sent to New Delhi Rs.2,500 May 12th Advertisement charges paid in cash Rs.5,000 May 13th Machinery Purchased for Rs.90,000 May 14th Furniture purchased for personal use Rs.30,000 May 13th Depreciation charged on Machinery Rs.9,000 May 14th Depreciation charged on Furniture Rs.3,000 May 15th Repairs Paid on Buildings Rs.15,000 May 16th Rent received for Rs.6,000</p> | Apply | 7 |
| 4 | <p>Write Journal Entries in the books of Mr.Kishore from the following transactions</p> <p>2014, March 10th Goods purchased from Kamesh Rs.20,000 March 11th Goods returned to Kamesh Rs.2,000 March 12th Amount of Rs.17,500 paid to Kamesh in full settlement of his Account. March 13th Insurance Premium paid to LIC of India by cheque Rs.15,000 March 14th Commission received from Naresh Rs.5,000 March 15th Goods sold to Prasad on credit Rs.30,000 March 16th Prasad returned goods to us Rs.3,000 March 17th A cheque received from Prasad for full settlement of Rs.26,500.</p> | Apply | 7 |
| 5 | <p>Write Journal Entries in the books of Mr.Pradeep from the following transactions</p> <p>2010, March 1st Business started by Rama Rao with cash Rs.40,000 , Cheque Rs.25,000 and Stock Rs.25,000. March 2nd Goods taken by proprietor for his personal use Rs.10,000 March 3rd Cash Taken for personal use Rs.5,000 March 4th Investment purchased for Rs. 8,000 March 5th Sale of Furniture for Rs.2,000 March 6th Goods sold to Ganesh for 10,000. March 7th Goods returned from Ganesh Rs.2,000 March 7th Cheque received from Ganesh for 3,000 March 8th Ganesh cheque was dishonoured. March 9th Ganesh became insolvent, 0.50 paisa in a rupee was collected from his estate towards final settlement and the remaining balance being Bad Debts.</p> | Remember | 7 |
| 6 | <p>Write Journal Entries in the books of Mr. Siva Kumar from the following transactions.</p> <p>2010, Jan.1st Business started with cash Rs.30,000, Cheque Rs.20,000 and Stock Rs.10,000 Jan 2nd Cash deposited in the Bank Rs.5,000 Jan 3rd Cash withdrawn from the Bank Rs.3,000 for Office use Jan 4th Cash Withdrawn from the bank for personal use Rs.1,000 Jan 5th Goods purchased from Raja on credit For Rs.5,000 Jan 6th Goods returned to Raja Rs.1,000 Jan 7th Cash paid to Raja Rs.3,600 in full settlement of his account Rs.4,000.</p> | Understand | 7 |
| 7 | <p>Write Journal Entries in the books of Mr. Siva Kumar from the following transactions.</p> | Understand | 7 |

| | | | |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---|
| | <p>2010, Jan.1st Business started with cash Rs.50,000, Cheque Rs.30,000, Furniture Rs.20,000 and Stock Rs.20,000</p> <p>Jan 8th Goods sold to Arjun on credit for Rs.3,500</p> <p>Jan 9th Goods returned from Arjun Rs.500</p> <p>Jan 10th Arjun settled his account with amount of Rs.2,900</p> <p>Jan 11th Goods taken by proprietor for his personal use Rs.5,000</p> <p>Jan 12th Cash taken by proprietor for his domestic use Rs.2,000</p> <p>Jan 31st Telephone purchased for Domestic use Rs.10,000</p> <p>Jan31st Rent Paid for personal use Rs.5,000</p> | | |
| 8 | <p>Write Journal Entries from the following in the books of Mr.Praveen.</p> <p>2009, Dec 1st Business stated with cash Rs.50,000, Stock Rs.30,000, Furniture Rs.10,000 and Machinery Rs.20,000.</p> <p>Dec 2nd Telephone charges paid in cash Rs.5,000</p> <p>Dec 3rd Transport charges paid by cheque Rs.3,000</p> <p>Dec 4th Advertisements charges paid to Naga Raju Rs. 4,000</p> <p>Dec 5th Dividend received from Ashok company Pvt.Ltd. Rs.2,000</p> <p>Dec 6th Furniture purchased for personal use Rs.5,000</p> <p>Dec 7th Rent paid to Landlord Ramana for Rs.8,000</p> | Apply | 7 |
| 9 | <p>Write Journal Entries from the following in the books of Mr.Prasad</p> <p>2010, Dec 1st Machinery purchased for Rs.15,000</p> <p>Dec 9th Building purchased for 1,00,000</p> <p>Dec 10th Computer purchased by cheque for Personal use Rs.20,000</p> <p>Dec 11th Investments sold for Rs.25,000</p> <p>Dec 12th Sale of Machinery for Rs.30,000</p> <p>Dec 13th Sale of Furniture for Rs.10,000</p> <p>Dec 14th Sale of Building for cash Rs.1,50,000</p> <p>Dec 31st Computer Sold by cheque Rs.15,000</p> | Apply | 7 |
| 10 | <p>Write Journal Entries in the books of Gopal from the following:</p> <p>2008, May 1st Business started with Rs.60,000</p> <p>May 2nd Sale of Typewriter for Rs.1,000</p> <p>May 3rd Salaries paid to staff by cheque Rs.5,000</p> <p>May 4th Wages paid to Labour for Rs.15,000.</p> <p>May 5th Rent paid to Landlord Raja Rao Rs.8,000</p> <p>May 6th Interest received from Rajani Rs.2,000</p> <p>May 7th Commission received from Kamala Rs.3,000</p> | Remember | 7 |
| 11 | <p>Record the following transactions in the books of Krishna Mohan.</p> <p>2007, June 1st Business started with cash Rs.25,000 and Cheque Rs.20,000</p> <p>June 2nd Interest paid for Rs.5,000</p> <p>June 3rd Commission paid by cheque Rs.2,000</p> <p>June 4th Bad Debts written off on Debtors Rs.3,000</p> <p>June 5th Bad Debts recovered from Debtors Rs.1,500</p> <p>June 6th Rent paid to Naresh Rs.10,000</p> | Understand | 7 |
| 12 | <p>Write Journal Entries in the books Mr. Mahendra from the following transactions:</p> <p>2006, April 1st Business started with Cash Rs.1,00,000.</p> <p>April 2nd Opened current account with Bank Rs.50,000</p> <p>April 3rd Interest received on Investment Rs.5,000</p> <p>April 4th Goods sold to Ramu for Rs.20,000</p> <p>April 4th Bills receivable Received from Ramu Rs.20,000 for 2 months.</p> <p>April 5th The above Bills receivable was discounted at Bank at 19,800</p> <p>April 6th The above B/R was dishonoured.</p> | Apply | 7 |
| 13 | <p>Write Journal Entries in the books Mr. Mahendra from the following transactions: 2007,</p> <p>June1st Interest received from Raghu Rs.2,000</p> <p>June 8th Commission received from Kamesh Rs.7,000</p> <p>June 9th Cash paid to Srinivas Rs.6,000</p> <p>June 10th Cheque issued to Srikanth Rs.7,000</p> <p>June 14th Srikanth cheque was Dishonoured.</p> <p>June 15th Cash received from Kiran Rs.8,000</p> <p>June 16th Cheque received from Gayathri Rs.10,000</p> <p>June 20th Gayathri cheque was dishonoured.</p> | Apply | 7 |
| 14 | <p>Write Journal Entries in the books Mr. Mahendra from the following</p> | Apply | 7 |

| | <p>transactions:</p> <p>2008, April 1st Goods purchased from Pratap for cash Rs.10,000 April 8th Goods sold to Mahesh on cash Rs.15,000 April 9th Goods purchased from Sarat for Rs.12,000 April 10th Acceptance (B/P) given to Sarat for 3 months for Rs.12,000 April 11th The above B/P was dishonoured. April 12th A cheque received from Hari for Rs.1,000 April 13th Hari's Cheque was dishonoured. April 14th A cheque issued to Malhotra for Rs.7,000 April 30th Malhotra cheque was dishonoured.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 15 | <p>Record /consider the following transactions in the books of Mr.Kiran. 2009, July 1st Business started with cash Rs.50,000 July 2nd Cash deposited into Bank Rs.20,000 July 3rd Cash Withdrawn from Bank Rs.10,000 July 4th Cash taken from bank for personal use Rs.5,000 July 5th Cash Paid to Mohan Rs.15,000 July 6th Cash received from Amar Rs.8,000 July 7th Cheque received from Bharat Rs.2,000</p> | Understand | 7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16 | <p>Record the following transactions in the books of Mr.Bharat Kumar 2010, July 1st Cheque Issued to Charan Rs.7,000 July 9th Machinery Purchased on cash Rs.12,000 July 10th Furniture sold for cash Rs.8,000 July 11th Salaries paid Rs.15,000 July 12th Rent received Rs.5,000 July 28th Rent paid to Landlord Rama Rao Rs.13,000 July 29th Commission received from Sujatha Rs.10,000 July 30th Goods purchased from Krishna on cash Rs.20,000 July 31st Goods sold to Gopal for cash Rs.30,00 July 31st Wages paid by cheque Rs.50,000</p> | Understand | 7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17 | <p>Prepare Trial Balance of Mr.Ravikumar as on 31.12.2005 from the following balances:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 20%; text-align: center;">Rs.</th> <th style="width: 20%;"></th> <th style="width: 10%; text-align: center;">Rs.</th> </tr> </thead> <tbody> <tr> <td>1. Capital</td> <td style="text-align: right;">32,000</td> <td>16. Creditors</td> <td style="text-align: right;">12,500</td> </tr> <tr> <td>2. Machinery</td> <td style="text-align: right;">30,000</td> <td>17. Returns Outwards(P/R)</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>3. Opening Stock</td> <td style="text-align: right;">16,000</td> <td>18. Returns Inwards (S/R)</td> <td style="text-align: right;">3,600</td> </tr> <tr> <td>4. Wages</td> <td style="text-align: right;">50,000</td> <td>19. Drawings</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>5. Carriage inwards</td> <td style="text-align: right;">500</td> <td>20. Discount Allowed</td> <td style="text-align: right;">750</td> </tr> <tr> <td>6. Salaries</td> <td style="text-align: right;">5,000</td> <td>21. Discount Received</td> <td style="text-align: right;">250</td> </tr> <tr> <td>7. Factory Rent</td> <td style="text-align: right;">2,400</td> <td>22. Office Expenses</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>8. Repairs</td> <td style="text-align: right;">400</td> <td>23. Manufacturing Exp.</td> <td style="text-align: right;">600</td> </tr> <tr> <td>9. Fuel & Power</td> <td style="text-align: right;">2,500</td> <td>24. Bills Payable</td> <td style="text-align: right;">6,500</td> </tr> <tr> <td>10. Buildings</td> <td style="text-align: right;">40,000</td> <td>25. Bills Receivable</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>11. Sundry Debtors</td> <td style="text-align: right;">20,000</td> <td>26. Cash in Hand</td> <td style="text-align: right;">2,400</td> </tr> <tr> <td>12. Sales</td> <td style="text-align: right;">2,03,600</td> <td>27. Cash at Bank</td> <td style="text-align: right;">15,400</td> </tr> <tr> <td>13. Purchases</td> <td style="text-align: right;">1,22,000</td> <td>28. Office Rent</td> <td style="text-align: right;">1,800</td> </tr> <tr> <td>14. Bank O.D</td> <td style="text-align: right;">2,000</td> <td></td> <td></td> </tr> <tr> <td>15. Suspense A/c (Cr)</td> <td style="text-align: right;">59,300</td> <td></td> <td></td> </tr> </tbody> </table> | | Rs. | | Rs. | 1. Capital | 32,000 | 16. Creditors | 12,500 | 2. Machinery | 30,000 | 17. Returns Outwards(P/R) | 2,000 | 3. Opening Stock | 16,000 | 18. Returns Inwards (S/R) | 3,600 | 4. Wages | 50,000 | 19. Drawings | 2,000 | 5. Carriage inwards | 500 | 20. Discount Allowed | 750 | 6. Salaries | 5,000 | 21. Discount Received | 250 | 7. Factory Rent | 2,400 | 22. Office Expenses | 1,000 | 8. Repairs | 400 | 23. Manufacturing Exp. | 600 | 9. Fuel & Power | 2,500 | 24. Bills Payable | 6,500 | 10. Buildings | 40,000 | 25. Bills Receivable | 5,000 | 11. Sundry Debtors | 20,000 | 26. Cash in Hand | 2,400 | 12. Sales | 2,03,600 | 27. Cash at Bank | 15,400 | 13. Purchases | 1,22,000 | 28. Office Rent | 1,800 | 14. Bank O.D | 2,000 | | | 15. Suspense A/c (Cr) | 59,300 | | | Apply | 7 |
| | Rs. | | Rs. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Capital | 32,000 | 16. Creditors | 12,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Machinery | 30,000 | 17. Returns Outwards(P/R) | 2,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Opening Stock | 16,000 | 18. Returns Inwards (S/R) | 3,600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Wages | 50,000 | 19. Drawings | 2,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. Carriage inwards | 500 | 20. Discount Allowed | 750 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. Salaries | 5,000 | 21. Discount Received | 250 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. Factory Rent | 2,400 | 22. Office Expenses | 1,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. Repairs | 400 | 23. Manufacturing Exp. | 600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. Fuel & Power | 2,500 | 24. Bills Payable | 6,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. Buildings | 40,000 | 25. Bills Receivable | 5,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11. Sundry Debtors | 20,000 | 26. Cash in Hand | 2,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12. Sales | 2,03,600 | 27. Cash at Bank | 15,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13. Purchases | 1,22,000 | 28. Office Rent | 1,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14. Bank O.D | 2,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15. Suspense A/c (Cr) | 59,300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18 | <p>Prepare Trial Balance as on 31.12.2009 under balances method from the following information: Capital Rs.6,000; Cash in hand Rs. 500; Bills Receivable Rs.4,550 ; Land & 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19 | <p>Prepare Trial Balance as on 31.3.2002 under balances method from the following information 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 &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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| 20 | <p>Prepare Trial Balance of Mr.Rajaram as on 31.12.2005 from the following balances:</p> <p style="text-align: center;">Rs.</p> <p>Rs.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">1. Sundry Debtors 32,000</td> <td style="width: 50%;">9. Stock as on 1.1.2005 22,000</td> </tr> <tr> <td>2. Cash in Hand 35</td> <td>10. Cash at Bank 1,545</td> </tr> <tr> <td>3. Plant & Machinery 17,500</td> <td>11. Sundry Creditors 10,650</td> </tr> <tr> <td>4. Trade expenses 1,075</td> <td>12. Sales 2,34,500</td> </tr> <tr> <td>5. Salaries 2,225</td> <td>13. Carriage Outwards 400</td> </tr> <tr> <td>6. Rent 900</td> <td>14. Bills Payable 7,500</td> </tr> <tr> <td>7. Purchases 2,18,870</td> <td>15. Discount Allowed 1,100</td> </tr> <tr> <td>8. Capital 79,500</td> <td>16. Business Premises 34,500</td> </tr> </table> | 1. Sundry Debtors 32,000 | 9. Stock as on 1.1.2005 22,000 | 2. Cash in Hand 35 | 10. Cash at Bank 1,545 | 3. Plant & Machinery 17,500 | 11. Sundry Creditors 10,650 | 4. Trade expenses 1,075 | 12. Sales 2,34,500 | 5. Salaries 2,225 | 13. Carriage Outwards 400 | 6. Rent 900 | 14. Bills Payable 7,500 | 7. Purchases 2,18,870 | 15. Discount Allowed 1,100 | 8. Capital 79,500 | 16. Business Premises 34,500 | Apply | 7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 1. Sundry Debtors 32,000 | 9. Stock as on 1.1.2005 22,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Cash in Hand 35 | 10. Cash at Bank 1,545 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Plant & Machinery 17,500 | 11. Sundry Creditors 10,650 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Trade expenses 1,075 | 12. Sales 2,34,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. Salaries 2,225 | 13. Carriage Outwards 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. Rent 900 | 14. Bills Payable 7,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. Purchases 2,18,870 | 15. Discount Allowed 1,100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. Capital 79,500 | 16. Business Premises 34,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 21 | <p>You are required to show that Trial Balance as on 31.12.1998 from the following Information:</p> <p>(1) Land & Buildings Rs.2,750 (2) Plant & Machinery Rs.1,332 (3) Stock on 1.1.1998 Rs.4,173 (4) Sales Rs.20,783 (5) Purchases Rs.12,733 (6) Carriage inwards Rs.478 (7) Bad Debts Rs.225 (8) Wages Rs.1,227 (9) Debtors Rs.5,445 (10) Creditors Rs.2,429 (11) Discount Received Rs.763 (12) Discount Allowed Rs.824 (13) Furniture Rs.192 (14) Capital Rs.10,659 (15) General Expenses Rs.1,338 (16) Cash at Bank Rs.1,874 (17) Rent & Rates Rs.188 (18) Drawings Rs.1,855.</p> | Remember | 7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 22 | <p>Prepare Trading and Profit & Loss A/c and Balance Sheet of Mr. Mukharjee as at 31-12-1998 from the following Trial Balance</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="width: 30%;">Debit Balances</th> <th style="width: 10%;">Rs.</th> <th style="width: 30%;">Credit Balances</th> <th style="width: 10%;">Rs.</th> </tr> </thead> <tbody> <tr><td>Drawings</td><td style="text-align: right;">12,000</td><td>Sales</td><td style="text-align: right;">2,80,800</td></tr> <tr><td>Purchases</td><td style="text-align: right;">1,80,000</td><td>Discount</td><td style="text-align: right;">3,000</td></tr> <tr><td>Salaries</td><td style="text-align: right;">18,000</td><td>Received</td><td style="text-align: right;">4,000</td></tr> <tr><td>Rent & Taxes</td><td style="text-align: right;">6,800</td><td>Commission</td><td style="text-align: right;">40,000</td></tr> <tr><td>Travelling Expenses</td><td style="text-align: right;">1,600</td><td>Sundry Creditors</td><td style="text-align: right;">10,000</td></tr> <tr><td>Opening Stock</td><td style="text-align: right;">75,000</td><td>Loan</td><td style="text-align: right;">1,00,000</td></tr> <tr><td>Machinery</td><td style="text-align: right;">28,400</td><td>Capital</td><td></td></tr> <tr><td>Furniture</td><td style="text-align: right;">12,000</td><td></td><td></td></tr> <tr><td>Sundry Debtors</td><td style="text-align: right;">50,500</td><td></td><td></td></tr> <tr><td>Cash in Hand</td><td style="text-align: right;">2,200</td><td></td><td></td></tr> <tr><td>Cash at Bank</td><td style="text-align: right;">10,400</td><td></td><td></td></tr> <tr><td>Office Expenses</td><td style="text-align: right;">2,500</td><td></td><td></td></tr> <tr><td>Wages</td><td style="text-align: right;">30,000</td><td></td><td></td></tr> <tr><td>Freight & Carriage inwards</td><td style="text-align: right;">4,000 800</td><td></td><td></td></tr> <tr><td>Insurance</td><td style="text-align: right;">1,600</td><td></td><td></td></tr> <tr><td>Discount Allowed</td><td style="text-align: right;">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 style="text-align: right; border-top: 1px solid black;">4,37,800</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">4,37,800</td> </tr> </tbody> </table> <p>Adjustments: 1) Closing stock Rs.68,500</p> | 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 | 40,000 | Travelling Expenses | 1,600 | Sundry Creditors | 10,000 | Opening Stock | 75,000 | Loan | 1,00,000 | Machinery | 28,400 | Capital | | 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 | 4,000 800 | | | Insurance | 1,600 | | | Discount Allowed | 2,000 | | | Returns Inwards (S/R) | | | | | 4,37,800 | | 4,37,800 | Analyze | 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 | 40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Travelling Expenses | 1,600 | Sundry Creditors | 10,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening Stock | 75,000 | Loan | 1,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Machinery | 28,400 | Capital | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | 4,000 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Insurance | 1,600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Discount Allowed | 2,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Returns Inwards (S/R) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4,37,800 | | 4,37,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 23 | <p>Prepare Trading and Profit & Loss A/c of Mr. Rama Raju for the year ending 31-3-2007 from the following Trial Balance</p> | Evaluate | 7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Debit Balances</th> <th style="width: 10%;">Rs.</th> <th style="width: 40%;">Credit Balances</th> <th style="width: 10%;">Rs.</th> </tr> </thead> <tbody> <tr><td>Drawings</td><td style="text-align: right;">18,000</td><td>Sales</td><td style="text-align: right;">41,460</td></tr> <tr><td>Purchases</td><td style="text-align: right;">21,200</td><td>Returns Outwards</td><td style="text-align: right;">420</td></tr> <tr><td>Insurance</td><td style="text-align: right;">2,200</td><td>Interest</td><td style="text-align: right;">240</td></tr> <tr><td>Rent</td><td style="text-align: right;">600</td><td>Creditors</td><td style="text-align: right;">4,120</td></tr> <tr><td>Postage</td><td style="text-align: right;">300</td><td>Loan</td><td style="text-align: right;">3,000</td></tr> <tr><td>Opening Stock</td><td style="text-align: right;">3,100</td><td>Capital</td><td style="text-align: right;">12,000</td></tr> <tr><td>Building</td><td style="text-align: right;">1,700</td><td></td><td></td></tr> <tr><td>Furniture</td><td style="text-align: right;">1,000</td><td>Suspense A/c (Cr)</td><td style="text-align: right;">2,700</td></tr> <tr><td>Debtors</td><td style="text-align: right;">6,000</td><td></td><td></td></tr> <tr><td>Cash in Hand</td><td style="text-align: right;">1,300</td><td></td><td></td></tr> <tr><td>Stationery</td><td style="text-align: right;">240</td><td></td><td></td></tr> <tr><td>Wages</td><td style="text-align: right;">5,200</td><td></td><td></td></tr> <tr><td>Freight & Carriage inwards</td><td style="text-align: right;">560</td><td></td><td></td></tr> <tr><td>Miscellaneous Expenses</td><td style="text-align: right;">500</td><td></td><td></td></tr> <tr><td>Repairs</td><td style="text-align: right;">900</td><td></td><td></td></tr> <tr><td>Bad Debts</td><td style="text-align: right;">120</td><td></td><td></td></tr> <tr><td>Returns Inwards (S/R)</td><td style="text-align: right;">1,020</td><td></td><td></td></tr> <tr> <td></td> <td style="text-align: right;">63,940</td> <td></td> <td style="text-align: right;">63,940</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 | | | Furniture | 1,000 | Suspense A/c (Cr) | 2,700 | 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 | | | | 63,940 | | 63,940 | | | | | | |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-----------------|-----|----------|--------|-------|----------|-----------|----------|------------------|-------|-----------|--------|----------|--------|--------------|-------|------------|--------|------------|-------|------------|----------|---------------|--------|------------------|--------|---------------|--------|------|--|-----------|--------|-------------------|-------|-----------|--------|--|--|----------------|-------|--|--|--------------|--------|--|--|--------------|-------|--|--|----------------------------|--------|--|--|------------------------|-------|--|--|----------------------------|-----|--|--|-----------|-------|--|--|-----------------------|-------|--|--|-----------------------|---------------|--|---------------|--|-----------------|--|-----------------|----------|---|
| 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Furniture | 1,000 | Suspense A/c (Cr) | 2,700 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 63,940 | | 63,940 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Adjustments:</p> <ol style="list-style-type: none"> 1. Closing stock Rs.2,980 2. Outstanding Wages Rs.200 3. Outstanding Rent Rs.200 4. Prepaid Insurance Rs.60 5. Provide 5% for Doubtful Debts on Debtors. 6. Provide 10% Depreciation on Buildings. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 24 | <p>Prepare Trading and Profit & Loss A/c and Balance Sheet of Mr. Mukharjee as at 31-12-1998 from the following Trial Balance</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Debit Balances</th> <th style="width: 10%;">Rs.</th> <th style="width: 40%;">Credit Balances</th> <th style="width: 10%;">Rs.</th> </tr> </thead> <tbody> <tr><td>Drawings</td><td style="text-align: right;">12,000</td><td>Sales</td><td style="text-align: right;">2,80,800</td></tr> <tr><td>Purchases</td><td style="text-align: right;">1,80,000</td><td>Discount</td><td style="text-align: right;">4,000</td></tr> <tr><td>Salaries</td><td style="text-align: right;">18,000</td><td>Received</td><td style="text-align: right;">40,000</td></tr> <tr><td>Rent & Taxes</td><td style="text-align: right;">6,800</td><td>Commission</td><td style="text-align: right;">10,000</td></tr> <tr><td>Travelling</td><td style="text-align: right;">1,600</td><td>Commission</td><td style="text-align: right;">1,00,000</td></tr> <tr><td>Expenses</td><td style="text-align: right;">75,000</td><td>Sundry Creditors</td><td></td></tr> <tr><td>Opening Stock</td><td style="text-align: right;">28,400</td><td>Loan</td><td></td></tr> <tr><td>Machinery</td><td style="text-align: right;">12,000</td><td>Capital</td><td></td></tr> <tr><td>Furniture</td><td style="text-align: right;">50,500</td><td></td><td></td></tr> <tr><td>Sundry Debtors</td><td style="text-align: right;">2,200</td><td></td><td></td></tr> <tr><td>Cash in Hand</td><td style="text-align: right;">10,400</td><td></td><td></td></tr> <tr><td>Cash at Bank</td><td style="text-align: right;">2,500</td><td></td><td></td></tr> <tr><td>Office Expenses</td><td style="text-align: right;">30,000</td><td></td><td></td></tr> <tr><td>Wages</td><td style="text-align: right;">4,000</td><td></td><td></td></tr> <tr><td>Freight & Carriage inwards</td><td style="text-align: right;">800</td><td></td><td></td></tr> <tr><td>Insurance</td><td style="text-align: right;">1,600</td><td></td><td></td></tr> <tr><td>Discount Allowed</td><td style="text-align: right;">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 style="text-align: right;">4,37,800</td> <td></td> <td style="text-align: right;">4,37,800</td> </tr> </tbody> </table> <p>Adjustments:</p> <ol style="list-style-type: none"> 1. Closing stock Rs.68,500 2. Outstanding Salaries Rs.10,000 3. Prepaid Insurance Rs.500 4. Provide Bad Debts on Debtors Rs.5,000 5. Depreciate Machinery by 10% | Debit Balances | Rs. | Credit Balances | Rs. | Drawings | 12,000 | Sales | 2,80,800 | Purchases | 1,80,000 | Discount | 4,000 | Salaries | 18,000 | Received | 40,000 | Rent & Taxes | 6,800 | Commission | 10,000 | Travelling | 1,600 | Commission | 1,00,000 | Expenses | 75,000 | Sundry Creditors | | Opening Stock | 28,400 | Loan | | Machinery | 12,000 | Capital | | Furniture | 50,500 | | | Sundry Debtors | 2,200 | | | Cash in Hand | 10,400 | | | Cash at Bank | 2,500 | | | Office Expenses | 30,000 | | | Wages | 4,000 | | | Freight & Carriage inwards | 800 | | | 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 | 4,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries | 18,000 | Received | 40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent & Taxes | 6,800 | Commission | 10,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Travelling | 1,600 | Commission | 1,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expenses | 75,000 | Sundry Creditors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening Stock | 28,400 | Loan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Machinery | 12,000 | Capital | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Furniture | 50,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sundry Debtors | 2,200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash in Hand | 10,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash at Bank | 2,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Office Expenses | 30,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wages | 4,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freight & Carriage inwards | 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Insurance | 1,600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Discount Allowed | 2,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Returns Inwards (S/R) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4,37,800 | | 4,37,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| 25 | <p>Prepare Trading, Profit & 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" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 35%;">Debit Balances</th> <th style="width: 10%;">Rs.</th> <th style="width: 35%;">Credit Balances</th> <th style="width: 20%;">Rs.</th> </tr> </thead> <tbody> <tr><td>Land</td><td style="text-align: right;">15,300</td><td>sales</td><td style="text-align: right;">41,460</td></tr> <tr><td>Purchases</td><td style="text-align: right;">11,200</td><td>Returns Outwards</td><td style="text-align: right;">420</td></tr> <tr><td>Salaries</td><td style="text-align: right;">2,200</td><td>(P/R)</td><td style="text-align: right;">240</td></tr> <tr><td>Rent</td><td style="text-align: right;">600</td><td>Interest</td><td style="text-align: right;">4,120</td></tr> <tr><td>Postage</td><td style="text-align: right;">300</td><td>Creditors</td><td style="text-align: right;">3,000</td></tr> <tr><td>Opening Stock</td><td style="text-align: right;">3,100</td><td>Loan</td><td style="text-align: right;">12,000</td></tr> <tr><td>Building</td><td style="text-align: right;">1,700</td><td>Capital</td><td></td></tr> <tr><td>Furniture</td><td style="text-align: right;">1,000</td><td></td><td></td></tr> <tr><td>Debtors</td><td style="text-align: right;">6,000</td><td></td><td></td></tr> <tr><td>Cash in Hand</td><td style="text-align: right;">1,300</td><td></td><td></td></tr> <tr><td>Stationery</td><td style="text-align: right;">240</td><td></td><td></td></tr> <tr><td>Wages</td><td style="text-align: right;">5,200</td><td></td><td></td></tr> <tr><td>Freight & Carriage</td><td style="text-align: right;">560</td><td></td><td></td></tr> <tr><td>inwards</td><td style="text-align: right;">500</td><td></td><td></td></tr> <tr><td>Miscellaneous</td><td style="text-align: right;">900</td><td></td><td></td></tr> <tr><td>Expenses</td><td style="text-align: right;">120</td><td></td><td></td></tr> <tr><td>Repairs</td><td style="text-align: right;">1,020</td><td></td><td></td></tr> <tr><td>Bad Debts</td><td style="text-align: right;">5,640</td><td></td><td></td></tr> <tr><td>Returns Inwards</td><td style="text-align: right;">4,360</td><td></td><td></td></tr> <tr><td>(S/R)</td><td></td><td></td><td></td></tr> <tr> <td></td> <td style="text-align: right;">61,240</td> <td></td> <td style="text-align: right;">61,240</td> </tr> </tbody> </table> <p>Adjustments:</p> <ol style="list-style-type: none"> 1. Closing stock Rs.2,980 2. Outstanding Salaries Rs.200 3. Prepaid Rent Rs.60 4. Provide 5% for Doubtful Debts on Debtors. | 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 | 560 | | | inwards | 500 | | | Miscellaneous | 900 | | | Expenses | 120 | | | Repairs | 1,020 | | | Bad Debts | 5,640 | | | Returns Inwards | 4,360 | | | (S/R) | | | | | 61,240 | | 61,240 | 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 | 560 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| inwards | 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Miscellaneous | 900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expenses | 120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Repairs | 1,020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bad Debts | 5,640 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Returns Inwards | 4,360 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (S/R) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 61,240 | | 61,240 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 26 | <p>From the following Trial Balance and Adjustments, show Trading and Profit & Loss Account for the year ending 31-12-2003 and Balance Sheet as on that date in the books of Mr. Vijay.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 8%;">S. No.</th> <th style="width: 35%;">Heads of Accounts</th> <th style="width: 8%;">L.F</th> <th style="width: 15%;">Debit Balance (Rs.)</th> <th style="width: 34%;">Credit Balance (Rs.)</th> </tr> </thead> <tbody> <tr><td>1.</td><td>Electricity</td><td></td><td style="text-align: right;">14,000</td><td></td></tr> <tr><td>2.</td><td>Discount</td><td></td><td></td><td style="text-align: right;">22,000</td></tr> <tr><td>3.</td><td>Interest</td><td></td><td style="text-align: right;">16,000</td><td></td></tr> <tr><td>4.</td><td>Wages</td><td></td><td style="text-align: right;">50,000</td><td></td></tr> <tr><td>5.</td><td>Opening Stock</td><td></td><td style="text-align: right;">20,000</td><td></td></tr> <tr><td>6.</td><td>Rent</td><td></td><td style="text-align: right;">24,000</td><td></td></tr> <tr><td>7.</td><td>Sales</td><td></td><td></td><td style="text-align: right;">8,00,000</td></tr> <tr><td>8.</td><td>Purchases</td><td></td><td style="text-align: right;">3,00,000</td><td></td></tr> <tr><td>9.</td><td>Office Expenses</td><td></td><td style="text-align: right;">30,000</td><td></td></tr> <tr><td>10.</td><td>Land & Building</td><td></td><td style="text-align: right;">5,40,000</td><td></td></tr> <tr><td>11.</td><td>Salaries</td><td></td><td style="text-align: right;">90,000</td><td></td></tr> <tr><td>12.</td><td>Returns</td><td></td><td style="text-align: right;">20,000</td><td style="text-align: right;">10,000</td></tr> <tr><td>13.</td><td>Power, Gas and Water</td><td></td><td style="text-align: right;">30,000</td><td></td></tr> <tr><td>14.</td><td>Sundry Creditors</td><td></td><td></td><td style="text-align: right;">60,000</td></tr> <tr><td>15.</td><td>Capital</td><td></td><td></td><td style="text-align: right;">3,02,000</td></tr> <tr><td>16.</td><td>Furniture</td><td></td><td style="text-align: right;">15,000</td><td></td></tr> <tr><td>17.</td><td>Sundry Debtors</td><td></td><td style="text-align: right;">60,000</td><td></td></tr> <tr><td>18.</td><td>Bills Payable</td><td></td><td></td><td style="text-align: right;">15,000</td></tr> <tr> <td></td> <td style="text-align: center;">TOTAL</td> <td></td> <td style="text-align: right;">12,09,000</td> <td style="text-align: right;">12,09,000</td> </tr> </tbody> </table> <p>Adjustments:</p> <ol style="list-style-type: none"> 1. Closing Stock Rs.80,000. 2. Outstanding Salaries Rs.10,000. 3. Depreciate Buildings by 10% p.a. | S. 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 |
| S. 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 27 | <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</p> | Remember | 8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | <p>Turnover Ratio (v) Average Payment Period (vi) Stock / Inventory Turnover Ratio</p> <p>Balance Sheet of M/s. XYZ Ltd as on 31st March, 2003.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 25%;">Liabilities</th> <th style="width: 15%;">Amount (Rs.)</th> <th style="width: 25%;">Assets</th> <th style="width: 35%;">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 & Surplus</td> <td>6,00,000</td> <td>Stock-in-Trade /Closing Stock / Inventory</td> <td>9,10,000</td> </tr> <tr> <td>Debentures</td> <td>5,00,000</td> <td>Book Debts / Trade Debtors</td> <td>12,40,000</td> </tr> <tr> <td>Bank Overdraft</td> <td>2,00,000</td> <td>Investments (Short-Term)</td> <td>1,60,000</td> </tr> <tr> <td>Trade Creditors</td> <td>12,00,000</td> <td>Cash –in-hand</td> <td>40,000</td> </tr> <tr> <td></td> <td>40,00,000</td> <td></td> <td>40,00,000</td> </tr> </tbody> </table> <p>Other Information:</p> <ol style="list-style-type: none"> 1. Annual Credit Sales amounted to Rs. 74,40,000. 2. Gross Profit Rs. 7,44,000. 3. Bank Overdraft is payable on demand. | 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 / Inventory | 9,10,000 | Debentures | 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 | | | | | | | | | | | | | | | | | | |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------|-------------|--------------|----------------------|-----------|--------------|-----------|-----------------------------|----------|-------------------------------------------|----------|-----------------|----------|----------------------------|-----------|------------------------------------------------------|----------|--------------------------|----------|-----------------|-----------------|------------------|-----------------|----------------------------|------------------|-------------------|------------------|------------------------------------|--------|-------------------------|----------|------------------------------------------|----------|--------------|----------|------------------------|----------|-----------------------|--------|--|------------------|--|------------------|------------|---|
| 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 / Inventory | 9,10,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Debentures | 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28 | <p>You are required to compute i) Debt Equity Ratio ii) Proprietary Ratio iii) Fixed Assets Ratio iv) Interest Coverage Ratio from the following Balance Sheet.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 25%;">Liabilities</th> <th style="width: 15%;">Amount (Rs.)</th> <th style="width: 25%;">Assets</th> <th style="width: 35%;">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 & Machinery</td> <td>6,00,000</td> </tr> <tr> <td>General Reserve</td> <td>1,00,000</td> <td>Land & Building</td> <td>7,00,000</td> </tr> <tr> <td>Surplus (P&L A/c)</td> <td>4,00,000</td> <td>Furniture</td> <td>1,00,000</td> </tr> <tr> <td>12% Debentures</td> <td>5,00,000</td> <td>Stock- in -Trade</td> <td>6,00,000</td> </tr> <tr> <td>Creditors</td> <td>80,000</td> <td>Bills Receivables</td> <td>30,000</td> </tr> <tr> <td>Bank Overdraft</td> <td>20,000</td> <td>Debtors</td> <td>1,50,000</td> </tr> <tr> <td>Bills Payable</td> <td>1,24,000</td> <td>Bank Balance</td> <td>2,00,000</td> </tr> <tr> <td>Provision for Taxation</td> <td>1,76,000</td> <td>Marketable Securities</td> <td>20,000</td> </tr> <tr> <td></td> <td>29,00,000</td> <td></td> <td>29,00,000</td> </tr> </tbody> </table> <p>Other Information: Earnings Before Interest and Taxes (EBIT) Rs. 5,00,000</p> | Liabilities | Amount (Rs.) | Assets | Amount (Rs.) | Equity Share Capital | 10,00,000 | Goodwill | 5,00,000 | 6% Preference Share Capital | 5,00,000 | Plant & Machinery | 6,00,000 | General Reserve | 1,00,000 | Land & Building | 7,00,000 | Surplus (P&L A/c) | 4,00,000 | Furniture | 1,00,000 | 12% Debentures | 5,00,000 | Stock- in -Trade | 6,00,000 | Creditors | 80,000 | Bills Receivables | 30,000 | Bank Overdraft | 20,000 | Debtors | 1,50,000 | Bills Payable | 1,24,000 | Bank Balance | 2,00,000 | Provision for Taxation | 1,76,000 | Marketable Securities | 20,000 | | 29,00,000 | | 29,00,000 | Understand | 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Surplus (P&L A/c) | 4,00,000 | Furniture | 1,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12% Debentures | 5,00,000 | Stock- in -Trade | 6,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Creditors | 80,000 | Bills Receivables | 30,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank Overdraft | 20,000 | Debtors | 1,50,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bills Payable | 1,24,000 | Bank Balance | 2,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for Taxation | 1,76,000 | Marketable Securities | 20,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 29,00,000 | | 29,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 29 | <p>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</p> <p>Trading and Profit & Loss A/c of Mr. Mukesh for the year ending 31-12-2008.</p> <p>Dr</p> <p>Cr</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 30%;">Particulars</th> <th style="width: 15%;">Amount Rs.</th> <th style="width: 30%;">Particulars</th> <th style="width: 25%;">Amount Rs.</th> </tr> </thead> <tbody> <tr> <td>To Opening Stock</td> <td>76,250</td> <td>By Net Sales</td> <td>5,00,000</td> </tr> <tr> <td>To Purchases</td> <td>3,15,250</td> <td>By Closing Stock</td> <td>98,500</td> </tr> <tr> <td>To Wages</td> <td>7,000</td> <td></td> <td></td> </tr> <tr> <td>To Gross Profit (B.F) (To be transferred to P&L A/c)</td> <td>2,00,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td>5,98,500</td> <td></td> <td>5,98,500</td> </tr> <tr> <td>To Administrative Expenses</td> <td>1,01,000</td> <td>By Gross Profit</td> <td>2,00,000</td> </tr> <tr> <td>To Selling & Distribution Expenses</td> <td>12,000</td> <td>By Non-operating Income</td> <td>6,000</td> </tr> <tr> <td>To Non-operating Expenses (Depreciation,</td> <td>9,000</td> <td></td> <td></td> </tr> </tbody> </table> | Particulars | Amount Rs. | Particulars | Amount Rs. | 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) (To be transferred to P&L A/c) | 2,00,000 | | | | 5,98,500 | | 5,98,500 | 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 Expenses (Depreciation, | 9,000 | | | Apply | 8 | | | | | | | | |
| Particulars | Amount Rs. | Particulars | Amount Rs. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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) (To be transferred to P&L A/c) | 2,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 5,98,500 | | 5,98,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 Expenses (Depreciation, | 9,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Interest and Tax</td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> </tr> <tr> <td>To Net Profit (B.F) (To be transferred to Capital A/c)</td> <td style="text-align: center;">84,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">2,06,000</td> <td></td> <td></td> <td style="text-align: center;">2,06,000</td> </tr> </table> <p>Other Information:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">10,000 Equity Shares Market Price @ Rs.10 each</td> <td style="width: 50%; text-align: center;">Rs.1,00,000</td> </tr> </table> | Interest and Tax | | | | | To Net Profit (B.F) (To be transferred to Capital A/c) | 84,000 | | | | | 2,06,000 | | | 2,06,000 | 10,000 Equity Shares Market Price @ Rs.10 each | Rs.1,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------|-----------------|-----------------|----------------------|--------------------------------------------------------------|----------------|----------|--------------------------------|----------|-------------------|-----------------|-----------------|----------|-------------------|------------------------------------------------|-------------------|----------|------------|----------|------------------|----------|------------------|----------|-----------|--------|-------------------|--------|----------------|--------|-------------------------|----------|---------------|-----------------|--------------|-----------------|---------------------------|----------|-----------------------|--------|--|------------------|--|------------------|----------|---|
| Interest and Tax | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To Net Profit (B.F) (To be transferred to Capital A/c) | 84,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2,06,000 | | | 2,06,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10,000 Equity Shares Market Price @ Rs.10 each | Rs.1,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | <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" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">Liabilities</th> <th style="width: 15%;">Amount (Rs.)</th> <th style="width: 25%;">Assets</th> <th style="width: 15%;">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 & Machinery</td> <td>6,00,000</td> </tr> <tr> <td>General Reserve</td> <td>1,00,000</td> <td>Land & Building</td> <td>7,00,000</td> </tr> <tr> <td>Profit & 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 style="text-align: center;">29,00,000</td> <td></td> <td style="text-align: center;">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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31 | <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 style="text-align: center;">Balance Sheet of M/s. XYZ Ltd as on 31st March, 2003.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">Liabilities</th> <th style="width: 15%;">Amount (Rs.)</th> <th style="width: 25%;">Assets</th> <th style="width: 15%;">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 & Surplus</td> <td>65,000</td> <td>Plant & 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 style="text-align: center;">2,90,000</td> <td></td> <td style="text-align: center;">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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| 32 | <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& Loss Account.</p> | Remember | 8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-------------|---------------|-------------|---------------|------------------|--------|--------------|----------|--------------|--------|------------------|--------|----------|--------|--|--|-----------------|--------|--|--|--|-----------------|--|-----------------|----------------------------|--------|-----------------|--------|------------------------------------|-------|-------------------|-------|---------------|--------|--|--|--|---------------|--|---------------|
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 15%;">Amount Rs.</th> <th style="width: 40%;">Particulars</th> <th style="width: 5%;">Amount Rs.</th> </tr> </thead> <tbody> <tr> <td>To Opening Stock</td> <td style="text-align: right;">30,000</td> <td>By Net Sales</td> <td style="text-align: right;">1,10,000</td> </tr> <tr> <td>To Purchases</td> <td style="text-align: right;">60,000</td> <td>By Closing Stock</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>To Wages</td> <td style="text-align: right;">10,000</td> <td></td> <td></td> </tr> <tr> <td>To Gross Profit</td> <td style="text-align: right;">30,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">1,30,000</td> <td></td> <td style="text-align: right;">1,30,000</td> </tr> <tr> <td>To Administrative Expenses</td> <td style="text-align: right;">10,000</td> <td>By Gross Profit</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>To Selling & Distribution Expenses</td> <td style="text-align: right;">5,000</td> <td>By Sundry Receipt</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>To Net Profit</td> <td style="text-align: right;">20,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">35,000</td> <td></td> <td style="text-align: right;">35,000</td> </tr> </tbody> </table> | | | | Particulars | Amount Rs. | Particulars | Amount Rs. | To Opening Stock | 30,000 | By Net Sales | 1,10,000 | To Purchases | 60,000 | By Closing Stock | 20,000 | To Wages | 10,000 | | | To Gross Profit | 30,000 | | | | 1,30,000 | | 1,30,000 | 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 | | | | 35,000 | | 35,000 |
| Particulars | Amount Rs. | Particulars | Amount Rs. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To Opening Stock | 30,000 | By Net Sales | 1,10,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To Purchases | 60,000 | By Closing Stock | 20,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To Wages | 10,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To Gross Profit | 30,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1,30,000 | | 1,30,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 35,000 | | 35,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |