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Paper = Business Maths

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Q 1

Part A

Ans

(i) It shows the profit and loss for the year.

(ii) in the basis of financial year profit and loss mangment will make discussion.

(iii) It show how the Company goes to good side or to the wrong side.

(iv) Company will make dicisons and contral his expensis

(v) Company will easily approach to has goals.

Q 1 (b) Prepare the balance sheet from the data used in the accounting cycle for pouls Guitar Shop.

Ans :=> Current Assets

= Cash = 32,8000

Accounts Receivable = 300

Prepaid rent = 1,000

Inventory = 39,900

Total Current Assets 73,900

Long-tearm Assets

Leasehold Improvements 100,000

Accumulated Depreciation (2,000)

98,000

Long-tearm ~~Assets~~ Assets 98,000

Total Assets = 171,900

Liabilities

Current liabilities

Account payable	49,000
Accured Expenses	450
Unearnd Revenue	1,000
Total Current Liabilities	50,450
Long-teorm liabilities	99,500
total liabilities	149,950

Owner's Equality

Owner's Equality

Retained Earnings	11,950
Common stock	10,000
Total owner's Equality	21,950
Total liabilities and owner's equality	171,900

171,900

(5)

Q2)

Ans

=> Sales (all on credit)

~~Cost~~ 40,00000

Cost of goods sold - 20,00000

80,00000

Gross profite = 40,00000

Operating expenses

seling expenses = 20000

Adminstrative expenses = 200000

400000

Operating Income = 1600000

Interest Expense = 200000

Income before taxes = 1400000

Income tax expense = 560000

~~the~~ Net Income After tax = 420000

Q 3)

(Part A)

Ans = Curent Ratio = $\frac{\text{Curent Assets}}{\text{Curent liabilites}}$

Curent Ratio

$$= \frac{32800+300+1000+39800}{49000+450+1000}$$

$$= 73900 / 50450$$

$$\boxed{\text{Current Ratio} = 1.46}$$

Part B) Liqudity Ratio

Quick Ratio = $\frac{\text{total current Assets - Inventy}}{\text{Current liabilites}}$

$$= \frac{73900 - 39800}{50450}$$

$$\boxed{\text{quick Retio} = 34100/50450 = 0.67\%}$$

Q 4

Part A)

Ans Capital Budgeting

=> Capital budgeting refers to the process we use to make decisions concerning investments in the long-tearm funds, raised by the firms are used to invest in assets that will enable the firm to generate revenues several years into the future.

Importance: => Capital budgeting decisions impact the firm for several years, They must be carefully planned. A bad decision can have a significant effect on the firm's future operations. In additions, the timing of the decisions is important.

Many capital budgeting projects take year to implement. If firms do noit plan accordingly, they might find that the timing of the capital budgeting decision is too late, thus costly with repect to competition

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Q5'

Ans : formula $NPr = Dt/(1.1)^t$

Putting value

$= 600000/(1+12/100)^5$

$= \cancel{600000}\ 1935000/(1+0.12)^5$

$= 1935000/(1.12)^5$

$= 1935000/1.76$

Net present value

$\boxed{340909.6}$

Q 4
Part B)

Mr XYZ owns a car rental Company planing to start a New route. XYY think the project having initail Cost of Rs. 1000000 should have Payback period of 5 years following are the project Net Cash Flow.

Ans

Solution :-> Net cash flow

Year	Cash flow (Rs)
0	1000000
1	150000
2	200000
3	250000
4	300000
5	350000
6	

formula - payback peroid

$$= \frac{\text{Cost of the Net}}{\text{Annul net cash}}$$

$$PP = \frac{\text{Cost of the Proj}}{\text{Annual Net Cash}}$$

15,0000
20,0000
25,0000
30,0000
35,0000

1250000

uneven cash flow :

$\frac{\cancel{1000000}}{15\cancel{0000}}$

Yes, the company should accept becouse cash flow of annual net cash is greator then the cost of investment. Therefore project is reasonable due to the company annual Net cash.

6.6
15) 100
90
100