



**Art and Design Department
Final Exam Summer-2020**

Subject: Business Mathematics

Mr. Tuheed ur Rehman

**Max Marks: 50
Date: Sep 28, 2020**

Question: 1 (5+5 Marks)

- a) Discuss the concept of Time Value of Money with an example
- b) Mike borrowed \$1,200 at 10% simple interest per year. How much is due when the loan matures in 9 months?

Question: 2 (10 Marks)

Prepare the balance sheet from the data used in the accounting cycle for Paul's Guitar Shop.

- Accounts payables 49,000
- Retained Earnings 11,950
- Inventory 39,800
- Accrued Expenses 450
- Common Stock 10,000
- Cash 32,800
- Prepaid Rent 1,000
- Long Term Liabilities 99,500
- Unearned Revenue 1,000
- Long Term Assets 98,000
- Accounts Receivables 300

Question: 3 (10 Marks)

Discuss the important component of Income statement give example with each component if necessary.

Question 4 (4+6 Marks)

- a) Define ratio and proportion with an example
- b) If there are 3 boys for every 7 girls at school, how many boys attend the school if the total student enrollment consists of 440 students?

Question 5 (Marks 6+4)

- a) Define capital budgeting and discuss its importance.
- b) Mr XYZ owns a car rental company planning to start a new route. XYZ thinks the project should have a Pay Back Period of 5 years if the initial investment is Rs. 1000000. Should Mr. XYZ accept the project or not find through PBP method?

Good Luck 😊