

1.2 End of 1st Year Balance Sheet: Option 1 (Simple Option) (4 marks)

<u>Liabilities</u>	<u>Assets</u>
Equity: 20000	Kiosk: 10000 0.5
Debt /Loan: 64000 *	Refrigerator: 22500 0.5
Retained Profits: 190500 *	Cash: 242000 *
Total Liabilities: 274500	Total Assets: 274500

1.3 End of 1st Year Balance Sheet Option 2 (3 marks).

Please use the additional information given below and make a second balance sheet.

- Of the daily sales of 100 glasses, 20 glasses are on credit and paid at the end of a month, others paid daily.
- To offset the credit, you are giving your customers, you buy your sugar at the start of the month but pay at the end of month / start of next month.

<u>Liabilities</u>	<u>Assets</u>
Equity: 20000	Kiosk: 10000
Debt /Loan: 64000	Refrigerator: 22500
Retained Profits: 190500	Cash: 239000 *
Accounts Payable: 9000 *	Accounts Receivable: 12000 *
Total Liabilities: 283500	Total Assets: 283500

Q 1: Finance Basics: 10 Marks

You want to learn the basics of business by operating a Lemonade Stall. You set up this lemonade (Nimbu Pani) stall at the sportsground near your house. The sportsground is very popular and school students and also adults come to play there.

Source of Funds / Balance Sheet:

- You need Rs 1 lakh for your business. You raise Rs 20000 as equity from family and Rs 80000 as loan from friends at 10% interest per year, repayable over 5 years.
- On Day 1, you invest in a mobile kiosk (cart) for INR 20,000 and a refrigerator/other equipment for INR 30,000. The cart has a 2-year life and the refrigerator has a 4-year life.
- You sell daily 100 glasses of lemonade daily at Rs 20 per glass.
- Pls assume 30 days a month, 360 days a year.
- You are operating the business for one year, pls consider all transactions that need to be taken into consideration in a 1-year period.

Your other costs are as follows:

S No	Name of Item	Cost
1	Lemons	Rs 2 per glass
2	Sugar	Rs 9000 per month
3	Helper	Rs 6000 per month
4	Electricity	Rs 12000 per quarter
5	Rent paid to Sportsground	Rs 60000 per year
6	Salt / Chaat Masala	Rs 3000 per month
7	Paper glasses	Rs 3 per glass

Please populate the tables below with the requisite information, make whatever assumptions you need to make using the details given above. If you are making assumptions, please write them out at the appropriate place. (DO ROUGH WORK AT END OF PAPER)

1.1 Annual Profit & Loss Account: For the 1st Year (3 marks)

	Amount in '000
Annual Revenue	72000
Annual Variable Cost	324000
Gross Profit	396000
Annual Fixed Cost	180000
Operating Profit	216000
Depreciation - Kiosk (Cart)	10000
Depreciation - Refrigerator	7500
Interest	8000
Profit before Tax	100500

* 720 → 720
* 324 → 324
396
* 180 → 180
216
* 10 → 10
* 7.5 → 7.5
* 8 → 8