

Q1:

ARC Traders has the following assets and liabilities as on 31st March, 2024. Find the capital.

Cash Rs. 123000/-; Debtors Rs. 116000/-; Creditors Rs. 122000/-; Machinery Rs. 180000/-; Plant Rs. 300000/-; Furniture Rs. 124000/-; Bills Receivable Rs. 156500/-; Bank Rs. 145500/-; Bills Payable Rs. 124500/-.

Q2:

What is the NPV for the income: Y1 Rs. 3000/-, Y2 Rs. 3000/-, Y3 Rs. 5000/-. The discount rate is 10%.

Q3:

Pass Journal entries for the following transactions in the books of AB Traders:

| <u>Date:</u> | <u>Transaction:</u> |
|--------------|--|
| 2019 Mar 5 | Started business with cash Rs. 130000/- |
| 5 | Purchased furniture in cash Rs. 16000/- |
| 7 | Goods purchased in cash Rs. 25000/- |
| 9 | Goods sold in cash Rs. 15000/- |
| 9 | Goods purchased on credit from Roy Rs. 30000/- |
| 9 | Opened a bank Account Rs. 12000/- |

Q4:

Which proposal is better with cost of capital=10%? Why?

| Proposal No. | Initial outlay Y0 Rs. | Return: Y1 Rs. | Return: Y2 Rs. | Return: Y3 Rs. | Return: Y4 Rs. |
|--------------|--------------------------|-------------------|-------------------|-------------------|-------------------|
| 1 | 18800 | 5000 | 5000 | 7000 | 7000 |
| 2 | 18800 | 7000 | 7000 | 5000 | 5000 |