

COMPREHENSIVE PROJECT-1

1. Name of the Project : A study of the business of M/s Sunil Computers
2. Objectives of the Project
 - (i) To know whether M/s Sunil Computers is a success or a failure
 - (ii) To know whether the Bank will give Loan for their business.
3. Period of Study : One Year ending 31st March 2015
4. Analytical tools used : Necessary Accounting Ratios
5. Source Material : Project statement

PROJECT NO. 1

PROJECT STATEMENT

M/s Sunil Computers

Rahul and Manoj are two brothers. Rahul was interested in computers and often found time to work on computer. Due to his keen interest in computers and its applications made him to take up computer software subject for his degree course. On the other hand Manoj's core interest was in sitting at his father's shop nearby at market place selling electrical appliances after college hours.

Their father Mr. Sunil was happy that Manoj showed interest in his business, but was so worried about the brothers drifting apart after college due to varied interests. Mr. Sunil decided that this is the time for him to intervene and make decisions for them. He felt that the interest of his two sons be put together and they could start a flourishing business of their own – Sunil Computers

The boom in the Information Technology (IT) Industry made him find ways to satisfy his sons' dreams.

Finally he decided to start a computer business for both his sons. He asked Manoj, a commerce graduate to draw up a proposal for the same.

Manoj came out with the following:

The area they lived in and run shop consisted of middle income group families and many of them did not possess computers at home.

Their shop could be used to provide the following services :

- ☆ Computer classes for various age groups.
- ☆ Computer using facilities on payment per hourly basis and printing of documents from computers.
- ☆ Internet access facilities at the prevailing market rates by entering into contract with the Videsh Sanchar Nigam Limited (VSNL).
- ☆ Computer game corner for children.

The shop they had in the market place was a single story building. On 1st April, 2014, Rahul and Manoj borrowed ₹ 1,75,000/- each from their father and introduced it as their capital in the firm. They brought in capital as follows : ₹ 10,000/- each in cash ₹ 1,65,000/- each by cheque. They constructed first floor of the building owned by their father spending ₹ 1,00,000. They put up their proposal to the bank and managed to get the bank loan of ₹ 3,00,000.

The bank advanced the loan of ₹ 3,00,000 as per the favourable credit worthiness of their father.

Repayment structure of the loan was as follows :

- ☆ End of the 1st year = ₹ 1,30,000 (₹ 1,00,000 + ₹ 30,000 interest)
- ☆ End of the 2nd year = ₹ 1,20,000 (₹ 1,00,000 + ₹ 20,000 interest)
- ☆ End of the 3rd year = ₹ 1,10,000 (₹ 1,00,000 + ₹ 10,000 interest)

Total amount to be repaid including interest in three annual installments will be ₹ 3,60,000

They purchased 10 computers amounting to ₹ 4,00,000. The details of the expenditures to start their business is as follows :

- ☆ For Electricity Connection—Security deposit of ₹ 1,000
- ☆ For Internet Connection—Security deposit of ₹ 1,00,000
- ☆ For printing and distribution of pamphlets in the surrounding colonies for advertisement purpose amounting to ₹ 4,500
- ☆ Computer Café furnished amounting to ₹ 45,000.

The students on an average paid a monthly fee of ₹ 500 for three months computer evening classes.

There were a number of internet subscribers and receipts on account of internet facility was ₹ 10,000 a month in the first quarters on an average. They also decided to buy and sell computer stationery like floppy disc, CDs, mouse, keyboard, etc.

At the end of the year, their results showed the following:

☆ Total Revenue	Amount in ₹
— Fees from Computer Students	2,70,000
— Sale from Computer Stationery	3,10,000
— Income from Internet Subscribers	3,50,000
☆ Purchases of Computer Stationery	2,55,000
☆ Internet Expenses	1,70,000
☆ Electricity Expenses payable	1,24,000
☆ Telephone Expenses	35,000
☆ General Expenses	12,000

☆ Business Promotion Expenses	15,000
☆ Repair & Maintenance Expenses	
— Computers	14,000
— Building	8,000

There was a helper at their father's shop, who agreed to clean up the Computer Café and fetch water to visitors. For this additional service, he was paid a salary of ₹ 500 per month.

They both withdrew ₹ 5,000 each from bank every month for their personal expenses. They paid the bank loan regularly. All the payments were made by cheques.

Father was pleased for this sons efficiency and wanted to expand their business.

Closing stock at the end of the year was valued ₹ 20,000

Provide depreciation on Building at the rate of 5%, on Computers at the rate 25% and on furniture at the rate 10%.

You are required to prepare the following:

- Journalise the above transactions. Post them into ledger accounts and prepare the trial balance.
- Prepare Trading and Profit & Loss account for the year ended 31st March, 2015 and Balance Sheet as at 31st March, 2015.

They approached the bank for further loan. Compute the ratios that the banker will require before granting the loan.

Processing the Source Material

Journal entries and ledger accounts will be prepared from the information given in the project statement. After preparing the Trial Balance, Trading and Profit and Loss Account and Balance Sheet will be prepared. Lastly necessary ratios will be calculated to take a decision.

Journal Register

1 April, 2014 to 31 March 2015

Date	Particulars	Folio	Debit (₹)	Credit (₹)
2014	Cash A/c Dr.		20,000	
1-April	Bank A/c Dr.		3,30,000	
	To Rahul's Capital A/c			1,75,000
	To Manoj's Capital A/c			1,75,000
	(Being Capital invested in the business)			
1-April	Building A/c Dr.		1,00,000	
	To Bank A/c			1,00,000
	(Being Building constructed and capitalized)			
1-April	Bank A/c Dr.		3,00,000	
	To Bank Loan A/c			3,00,000
	(Being Loan received from bank)			
1-April	Computers A/c Dr.		4,00,000	
	To Bank A/c			4,00,000
	(Being Computers purchased)			
1-April	Security Deposit-Electricity Board A/c Dr.		1,000	
	Security Deposit-VSNL A/c Dr.		1,00,000	
	To Bank A/c			1,01,000
	(Being Security deposits paid with Electricity Board and VSNL)			
1-April	Furniture & Fixtures A/c Dr.		45,000	
	To Bank A/c			45,000
	(Being furniture and fixtures purchased)			
1-April	Advertisement A/c Dr.		4,500	
	To Bank A/c			4,500
	(Being Payment made for Advertisement)			

2015	Bank A/c	Dr.	9,30,000	
31-Mar	To Sales (Computer Stationery) A/c			3,10,000
	To Income (Internet subscribers) A/c			3,50,000
	To Fee (Computer Students) A/c			2,70,000
	(Being sales proceeds from floppy disks, CDs fee from computer students and receipts of internet subscribers received)			
31-Mar	Computer Stationery A/c	Dr.	2,55,000	
	To Bank A/c			2,55,000
	(Being computer stationery purchased)			
31-Mar	Telephone Expenses A/c	Dr.	35,000	
	General Expenses A/c	Dr.	12,000	
	Business Promotion Expenses A/c	Dr.	15,000	
	Repair & Maintenance-Computer A/c	Dr.	14,000	
	Repair & Maintenance-Building A/c	Dr.	8,000	
	Salary A/c	Dr.	6,000	
	To Bank A/c			90,000
	(Being expenses paid)			
31-Mar	Rahul's Drawings A/c	Dr.	60,000	
	Manoj's Drawings A/c	Dr.	60,000	
	To Bank A/c			1,20,000
	(Being amount withdrawn for personal use of ₹ 5,000 each per month)			
31-Mar	Interest on Bank Loan A/c	Dr.	30,000	
	To Bank Loan A/c			30,000
	(Being Interest on Bank Loan for the year 2014-15 provided)			
31-Mar	Bank Loan A/c	Dr.	1,30,000	
	To Bank A/c			1,30,000
	(Being installment for the 2014-15 paid)			

31-Mar	Depreciation A/c To Buildings A/c To Computers A/c To Furniture and Fixtures A/c (Being Depreciation on building @ 5%, Computer @ 25% and Furniture & Fixture @ 10% provided)	Dr.	1,07,500	5,000 1,00,000 2,500
31-Mar	Internet Expenses A/c To Bank A/c (Being internet expenses paid to VSNL)	Dr.	1,70,000	1,70,000
31-Mar	Electricity Expenses A/c To Electricity Expenses Payable A/c (Being Electricity expenses payable)	Dr.	1,24,000	1,24,000
31-Mar	Trading A/c To Computer Stationery A/c (Closing entry for computer stationery)	Dr.	2,55,000	2,55,000
31-Mar	Sales (Computer Stationery) A/c Closing Stock A/c To Trading A/c (Closing entry for sales and closing stock)	Dr. Dr.	3,10,000 20,000	3,30,000
31-Mar	Trading A/c To Profit and Loss A/c (Gross Profit for the year)	Dr.	75,000	75,000
31-Mar	Profit and Loss A/c To Advertisement To Business Promotion Expenses A/c To Depreciation A/c To Electricity Expenses A/c To General Expenses A/c To Interest on Bank Loan A/c To Internet Expenses A/c To Repairs and Maintenance-Computer A/c	Dr.	5,26,000	4,500 15,000 1,07,500 1,24,000 12,000 30,000 1,70,000 14,000

To Repairs and Maintenance - Building A/c			8,000
To Salary A/c			6,000
To Telephone Expenses A/c			35,000
(Closing entry for indirect expenses)			
Fees (Computer Students) A/c	Dr.	2,70,000	
Income (Internet Subscribes) A/c	Dr.	3,50,000	
To Profit and Loss A/c			6,20,000
(Closing entry for incomes other than Sales)			
Profit & Loss A/c	Dr.	1,69,000	
To Rahul's Capital A/c			84,500
To Manoj's Capital A/c			84,500
(Net profit of the year transferred to the capital m/s of Rahul & Manoj)			
Total		52,32,000	52,32,000

Advertisement A/c

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 April	To Bank A/c		4,500	2015 Mar, 31	By Profit & Loss A/c		4,500
			4,500				4,500

Dr.

Bank A/c

Cr.

Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
2014 Apr.01	To Rahul's Capital A/c		1,65,000	2014 Apr.01	By Buildings A/c		1,00,000
	To Manoj's Capital A/c		1,65,000		By Computers A/c		4,00,000
2015 Mar,31	To Bank Loan A/c		3,00,000		By Security Deposit- Electricity Board A/c		1,000
	To Sales (Computer Stationery) A/c		3,10,000				

	To Income (Internet subscribers) A/c		3,50,000		By Security Deposit-VSNL A/c		1,00,000
	To Fee (Computer Students) A/c		2,70,000		By Furniture & Fixture A/c		45,000
					By Advertisement A/c		4,500
					By Computer Stationery A/c		2,55,000
					By Telephone Charges A/c		35,000
					By General Expenses A/c		12,000
					Business Promotion Exp. A/c		15,000
					By R & M Computer A/c		14,000
					By R & M Building A/c		8,000
					By Salary A/c		6,000
					By Rahul's Drawings A/c		60,000
					By Manoj's Drawings A/c		60,000
					By Bank Loan A/c		1,30,000
					By Internet Expenses A/c		1,70,000
					By Balance c/d		1,44,500
			<u>15,60,000</u>				<u>15,60,000</u>
2015 Apr.01	To Balance b/d		1,44,500				

Dr. Building A/c Cr.

Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount (₹)
2014 April 01	To Bank A/c		1,00,000	2015 Mar. 31	By Depreciation A/c		5,000
2015 April 01	To Balance b/d		95,000		By Balance c/d		95,000
			<u>1,00,000</u>				<u>1,00,000</u>

Dr. Business Promotion Expenses A/c Cr.

Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
2015 Mar. 31	To Bank A/c		15,000	2015 Mar. 31	By Profit & Loss A/c		15,000
			<u>15,000</u>				<u>15,000</u>

Dr. Bank Loan A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar.31	To Bank A/c		1,30,000	2014 Apr. 01	By Bank A/c		3,00,000
2015 Mar.15	To Balance c/d		2,00,000	2015 Mar. 31	By Interest on Bank Loan A/c		30,000
			<u>3,30,000</u>				<u>3,30,000</u>
				2015 Apr. 01	By Balance b/d		2,00,000

Dr. Cash A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 Apr. 01	To Rahul's Capital A/c		10,000				
	To Manoj's Capital A/c		10,000	2015 Mar. 31	By Balance c/d		20,000
2015 Apr.01	To Balance b/d		20,000				20,000
			20,000				20,000

Dr. Computer A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 April 01	To Bank A/c		4,00,000	2015 Mar. 31	By Depreciation A/c		1,00,000
				Mar. 31	By Balance c/d		3,00,000
			4,00,000				4,00,000
2015 April 01	To Balance b/d		3,00,000				

Dr. Depreciation A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Building A/c		5,000	2015 Mar. 31	Profit & Loss A/c		1,07,500
	To Computers A/c		1,00,000				
	To Furniture & Fixtures A/c		2,500				
			1,07,500				1,07,500

Dr. Electricity Expenses A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Electricity Payable A/c		1,24,000	2015 Mar. 31	By Profit & Loss A/c		1,24,000
			1,24,000				1,24,000

Dr. Electricity Expenses Payable A/c Cr.

Date	Particular	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Balance c/d		1,24,000	2015 Mar. 31	By Electricity Expenses A/c		1,24,000
			<u>1,24,000</u>	2015 Apr. 01	By Balance b/d		<u>1,24,000</u>
							1,24,000

Dr. Furniture & Fixtures A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 Apr. 01	To Bank A/c		45,000	2015 Mar. 31	By Depreciation A/c		2,500
				2015 Mar. 31	By Balance c/d		42,500
2015 Apr. 01	To Balance b/d		<u>45,000</u>				<u>45,000</u>
			42,500				

Dr. Fee (Computer Students) A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Profit & Loss A/c		2,70,000	2015 Mar. 31	By Bank A/c		2,70,000
			2,70,000				2,70,000

Dr. General Expenses A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank A/c		12,000	2015 Mar. 31	By Profit & Loss A/c		12,000
			12,000				12,000

Dr. Interest on Bank Loan A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank Loan A/c		30,000	2015 Mar. 31	By Profit & Loss A/c		30,000
			30,000				30,000

Dr. Internet Expenses A/c

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank A/c		1,70,000	2015 Mar. 31	By Profit & Loss A/c		1,70,000
			1,70,000				1,70,000

Dr. Income (Internet Subscribers) A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Profit & Loss A/c		3,50,000	2015 Mar. 31	By Bank A/c		3,50,000
			3,50,000				3,50,000

Dr. Manoj's Capital A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Manoj's Drawings A/c		60,000	2014 April 01	By Cash A/c By Bank A/c		10,000 1,65,000
2015 Mar. 31	To Balance c/d		1,99,500	2015 Mar. 31	By P & L A/c		84,500
			<u>2,59,500</u>				<u>2,59,500</u>
				2015 April 01	By Balance b/d		1,99,500

Dr. Manoj's Drawings A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank A/c		60,000	2015 Mar. 31	By Manoj's Capital A/c		60,000
			<u>60,000</u>				<u>60,000</u>

Dr. Computer Stationery A/c Cr.

Date	Particulars (₹)	Folio	Amount	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank A/c		2,55,000	2015 Mar. 31	By Profit & Loss A/c		2,55,000
			<u>2,55,000</u>				<u>2,55,000</u>

Dr. Repair & Maintenance Computer A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank A/c		14,000	2015 March 31	By Profit & Loss A/c		14,000
			<u>14,000</u>				<u>14,000</u>

Dr. Rahul's Capital A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 March, 31	To Rahul's Drawings A/c		60,000	2014 Apr. 01	By Cash A/c		10,000
March, 31	To Balance c/d		1,99,500		By Bank A/c		1,65,000
			<u>2,59,500</u>	2015 March 31	By P & L A/c		84,500
							<u>2,59,500</u>
				2015 Apr. 01	By Balance b/d		1,99,500

Dr. Rahul's Drawings A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 March, 31	To Bank A/c		60,000	2015 March, 31	By Rahul's Capital A/c		60,000
			60,000				60,000

Dr. Repair & Maintenance Building A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 March, 31	To Bank A/c		8,000	2015 March, 31	By Profit & Loss A/c		8,000
			8,000				8,000

Dr. Security Deposit-Electricity Board A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 April 01	To Bank A/c		1,000	2015 Mar. 31	By Balance c/d		1,000
2015 April 01	To Balance b/d		<u>1,000</u>				<u>1,000</u>
			1,000				

Dr. Security Deposit-VSNL A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 Apr.01	To Bank A/c		1,00,000	2015 Mar. 31	By Balance c/d		1,00,000
2015 Apr.01	To Balance b/d		<u>1,00,000</u>				<u>1,00,000</u>
			1,00,000				

Dr. Sales (Computer Stationery) A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 March, 31	To Profit & Loss A/c		3,10,000	2015 March, 31	By Bank A/c		3,10,000
			<u>3,10,000</u>				<u>3,10,000</u>

Dr. Salary A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 March, 31	To Bank A/c		6,000	2015 March, 31	By Profit & Loss A/c		6,000
			<u>6,000</u>				<u>6,000</u>

Dr. Telephone Expenses A/c Cr.

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar, 31	To Bank A/c		35,000	2015 March, 31	Profit & Loss A/c		35,000
			<u>35,000</u>				<u>35,000</u>

TRIAL BALANCE OF RAHUL AND MANOJ

01 April, 2014 to 31 March, 2015

S. No.	Particulars	Ledger Folio	Debit (₹)	Credit (₹)
1.	Advertisement A/c		4,500	—
2.	Bank A/c		1,44,500	—
3.	Building		95,000	—
4.	Business Promotion Expenses A/c		15,000	—
5.	Bank Loan A/c		—	2,00,000
6.	Cash A/c		20,000	—
7.	Computer A/c		3,00,000	—
8.	Depreciation A/c		1,07,500	—
9.	Electricity Expenses A/c		1,24,000	—
10.	Electricity Expenses Payable A/c		—	1,24,000
11.	Furniture & Fixtures A/c		42,500	—
12.	Fees (Computer Students) A/c		—	2,70,000
13.	General Expenses A/c		12,000	—
14.	Interest on Bank Loan A/c		30,000	—
15.	Internet Expenses A/c		1,70,000	—
16.	Income (Internet Subscribers) A/c		—	3,50,000
17.	Manoj's Capital A/c		—	1,15,000
18.	Computer Stationery A/c		2,55,000	—
19.	Repair & Maintenance Computer A/c		14,000	—
20.	Rahul's Capital A/c		—	1,15,000
21.	Repair & Maintenance Building A/c		8,000	—
22.	Security Deposit-Electricity Board A/c		1,000	—
23.	Security Deposit-VSNL A/c		1,00,000	—
24.	Sales (Computer Stationery) A/c		—	3,10,000
25.	Salary A/c		6,000	—
26.	Telephone Expenses A/c		35,000	—
		Total	14,84,000	14,84,000

Closing Stock of Computer Stationery was ₹ 20,000

TRADING AND PROFIT & LOSS ACCOUNT OF RAHUL AND MANOJ

For the year ended 31 March, 2015

Particulars	Amount (₹)	Particulars	Amount (₹)
To Computer Stationery A/c	2,55,000	By Sales (Computer Stationery) A/c	3,10,000
To Gross Profit c/d	75,000	By Closing Stock	20,000
	3,30,000		3,30,000
To Advertisement A/c	4,500	By Gross Profit b/d	75,000
To Business Promotion Expenses A/c	15,000	By Fees (Computer Students) A/c	2,70,000
To Depreciation A/c	1,07,500	By Income (Internet Subscribers) A/c	3,50,000
To Electricity Expenses A/c	1,24,000		
To General Expenses A/c	12,000		
To Interest on Bank Loan A/c	30,000		
To Internet Expenses A/c	1,70,000		
To Repair & Maintenance Computer A/c	14,000		
To Repair & Maintenance Building A/c	8,000		
To Salary A/c	6,000		
To Telephone Expenses A/c	35,000		
To Net Profit t/f to Capital A/c			
Rahul's Capital A/c 84,500			
Manoj's Capital A/c 84,500	1,69,000		
	6,95,000		6,95,000

RAHUL AND MANOJ BALANCE SHEET

as at 31 March, 2015

Liabilities	Amount (₹)	Assets	Amount (₹)
CAPITAL ACCOUNT		FIXED ASSETS	
Rahul's Capital		Computers 4,00,000	
Capital Introduced 1,75,000		Less : Depreciation <u>1,00,000</u>	3,00,000
Add : Net Profit <u>84,500</u>		Building 1,00,000	
2,59,500		Less : Depreciation <u>5,000</u>	95,000
Less : Drawings <u>60,000</u>	1,99,500	Furniture & Fixtures 45,000	
Manoj's Capital		Less : Depreciation <u>2,500</u>	42,500
Capital Introduced 1,75,000		DEPOSITS	
Add : Net Profit <u>84,500</u>		Security Deposit-Electricity Board	1,000
2,59,500		Security Deposit-VSNL	1,00,000
Less : Drawings <u>60,000</u>	1,99,500	CURRENT ASSETS	
LONG TERM LIABILITIES		Stock	20,000
Bank Loan	2,00,000	Cash in hand	20,000
CURRENT LIABILITIES		Cash at Bank	1,44,500
Electricity Expenses Payable	1,24,000		
	7,23,000		7,23,000

Bank will analyse the following ratios before granting the loan.

- | | | |
|-----|--|----------|
| (a) | Current Ratios
(Current Assets/Current Liabilities) | 1.33 : 1 |
| (b) | Quick Ratio
(Curent assets-stock/Current Liabilities) | 1.17 : 1 |
| (c) | Debt equity Ratio
(Total debt/owner's fund) | 0.50 |

Conclusion

1. On the basis of glance at the ratios it can be concluded that the business is a success.
2. The bank should grant loan as the ratios are favourable.

Working Notes

	(₹)
Net Profit	1,69,000
Total Revenue	9,30,000
Fixed Assets	4,37,500
Current Assets	1,64,500
Current Liabilities	1,24,000
Working Capital (CA-CL)	40,500
Stock	20,000
Quick Assets	1,44,500
Total Debt	2,00,000
Owner's Fund	3,99,000