

Direction To Solve

The data given below pertains to seven different industry sectors with respect to income, expenditure, Profits. Study the data and answer the questions.

Particulars	Chemical	Diversified	Electricity	Food	Machinery	Services	Textiles
1 Sales	498,476	128,125		82,808			56,401
2 Other Income	7,303		2,374		2,887	6,097	1,705
3 Total Income=(1+2)		130,830			128,733		58,106
4 Raw material cost	338,683	78,237	31,060	48,188	54,994	81,600	33,738
5 Power & fuel expenses	18,467		4,865	2,003	1,973		
6 wages	13,791	4,412		4,284	20,038	44,371	4,361
7 Depreciation	11,065	4,807	6,311		5,026	22,854	3,013
8 Interest payments	11,135	2,923	5,756			133,619	5,259
9 Other expenses		24,706	5,604	23,570	34,271	97,092	10,368
10 Total expenses		119,316	58,769	80,750	120,557	385,694	
11 Profit before tax		11,514		3,814	8,176	50,484	
12 Tax paid	7,467		2,394				0
13 Profit after tax	19,861	8,887	8,501	2,538	5,001	32,698	-2,874

1- Which of the following statements is wrong?

- **A.** Depreciation expense is the lowest for food industry
- **B.** Power and fuel expenses are 5th largest item in the expenditure of diversified industries.
- **C.** Electricity industry earns more of other income as a percentage of total income compared to other industries.
- **D.** Raw material cost is the largest item of expense in all industry sectors
- **E.** None of these

Answer & Explanation

Answer - **D** (Raw material cost is the largest item of expense in all industry sectors)

2- Depreciation as a percentage of total expenses is maximum in which industry sector?

- **A.** Chemical
- **B.** Diversified
- **C.** Electricity
- **D.** Machinery
- **E.** None of these

Answer & Explanation

Answer - **C** (Electricity)

3- Which industry sector has 'salaries and wages' as 3rd largest item in its expenses?

- **A.**Food
- **B.**Services
- **C.**Textiles & Food
- **D.**Food & Machinery
- **E.**None of these

Answer & Explanation

Answer - **D** (Food & Machinery)

4- If the industry sectors are ranked on the basis of 'Tax paid as a proportion of sales' in the ascending order, then which industry will be placed at rank 3?

- **A.**Machinery
- **B.**Electricity
- **C.**Food
- **D.**Diversified
- **E.**None of these

Answer & Explanation

Answer - **C** (Food)

5- If the ranking is based on Profit Before Tax in the descending order, subject to the condition that 'other expenses' of all the industry sectors equals zero, then which of following statements is wrong?

- **A.**Rank of Chemical industry does not change
- **B.**Rank of electricity industry declines
- **C.**Diversified industry rank changes from 3rd to 4th
- **D.**Rank of food industry changes from 5th to 6th
- **E.**None of these

Answer & Explanation

Answer - **D** (Rank of food industry changes from 5th to 6th)

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