



# INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)  
Dundigal, Hyderabad - 500 043

## MASTER OF BUSINESS ADMINISTRATION

### TUTORIAL QUESTION BANK

Course Name	:	ACCOUNTING FOR MANAGEMENT
Course Code	:	CMBB02
Class	:	I Semester
Branch	:	MBA
Academic Year	:	2019 - 2020
Course Coordinator	:	Dr. T.Vara Lakshmi, Associate Professor, MBA
Course Faculty	:	Dr. T.Vara Lakshmi, Associate Professor, MBA

#### COURSE OBJECTIVES:

The course should enable the students to:

I	Develop an insight of principles of accounting and utilization of financial information for decision making and forward planning for future.
II	Understand financial statements for knowing earning capacity and financial position of the business concern with confidence.
III	Demonstrate the financial growth of different companies and make analysis of financial accounts.
IV	Describe the significance of financial statements as means of business communication.
V	Design and Use the analytical techniques and arriving at conclusions from financial information for the purpose of decision making.

#### COURSE OUTCOMES (COs):

CMBB02.01	Understand and elucidate the objectives, importance of financial accounting and different types of accounting concepts and conventions.
CMBB02.02	Discuss different types and principles of personal, impersonal accounts, importance and preparation of journal and ledger.
CMBB02.03	Describe the significance and preparation of trial balance and final accounts.
CMBB02.04	Recognize the causes of depreciation and methods of charging depreciation on fixed assets.
CMBB02.05	Explain the objectives, significance and different methods of inventory valuation and goodwill valuation.
CMBB02.06	Illustrate the features, merits, demerits and classification of shares and debentures.
CMBB02.07	Analyze and explain the issue of shares at par, discount, premium, forfeiture of shares and issue of debentures.
CMBB02.08	Evaluate the factors which are influencing on working capital management.
CMBB02.09	Identify the significance, limitations and preparation of statement of sources and application of funds and cash flow statement (AS3).

CMBB02.10	Demonstrate the importance and limitations of financial statements as means of business communication to find the financial soundness of the firm.
CMBB02.11	Enumerate and elucidate the importance and role of different types of financial statements for the purpose of strategic decisions.
CMBB02.12	Examine and interpret the importance, limitations and various types' of financial ratios in view of decision making.



## TUTORIAL QUESTION BANK

S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)
<b>UNIT-I</b>			
<b>INTRODUCTION TO FINANCIAL ACCOUNTING</b>			
<b>PART-A (SHORT ANSWER QUESTIONS)</b>			
1.	Describe the meaning of financial accounting. List out the significance and limitations of financial accounting.	Remember	CMBB02.01
2.	Define double entry system. List out the advantages and disadvantages of double entry system.	Remember	CMBB02.01
3.	Distinguish between single entry system and double entry system.	Understand	CMBB02.01
4.	Examine the meaning of money measurement concept, cost concept and accounting period concept.	Remember	CMBB02.01
5.	Discuss about the dual aspect concept, realization concept and going concern concept.	Understand	CMBB02.01
6.	Explain the meaning of convention of full disclosure and convention of materiality.	Understand	CMBB02.01
7.	Explain the meaning of convention of conservatism and convention of consistency.	Understand	CMBB02.01
8.	Explain the meaning of accounting concept. List out different types of Accounting concepts.	Analyze	CMBB02.01
9.	Examine the meaning of business entity concept, matching concept, and cost concept.	Remember	CMBB02.01
10.	Discuss the meaning, types and principles of impersonal accounts with suitable examples.	Analyze	CCMB002.02
11.	Examine the meaning, types and principles of personal account with suitable examples.	Remember	CCMB002.02
12.	Discuss the meaning and principles of real account with suitable examples.	Understand	CCMB002.02
13.	Examine the meaning and principles of nominal account with suitable examples.	Understand	CMBB02.02
14.	Explain the meaning of cash transactions, credit transactions and non-cash transactions.	Understand	CMBB02.02
15.	Discuss cash transactions, credit transactions and non-cash transactions with suitable examples.	Understand	CMBB02.02
16.	Distinguish between personal accounts and impersonal accounts.	Analyze	CMBB02.02
17.	State the meaning of single entry system.	Remember	CMBB02.02
18.	Demonstrate the meaning of fixed assets with suitable examples.	Understand	CMBB02.02
19.	State the meaning of current assets with suitable examples.	Remember	CMBB02.02
20.	Explain the meaning of intangible assets with suitable examples.	Understand	CMBB02.02
<b>PART-B (LONG ANSWER QUESTIONS)</b>			
1.	Explain the meaning, importance and limitations of financial accounting.	Understand	CMBB02.01
2.	Define financial accounting and book-keeping. How financial accounting is differentiated from book-keeping?	Understand	CMBB02.01
3.	Discuss the objectives, significance of financial accounting and different stages in the accounting cycle.	Understand	CMBB02.01
4.	Examine the meaning and objectives of financial accounting.	Remember	CMBB02.01
5.	Write the meaning, merits, demerits of double entry system and differences between double entry system and single entry systems.	Analyze	CMBB02.01

S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)
6.	Briefly explain the dual aspect concept, realization concept, going concern concept, money measurement concept with suitable examples.	Understand	CMBB02.01
7.	Discuss different types of convention of full disclosure, convention of materiality, convention of conservatism and convention of consistency with suitable examples.	Understand	CMBB02.01
8.	What do you know about accounting concept? Describe the money measurement concept, dual aspect concept, cost concept, realization concept.	Analyze	CMBB02.01
9.	Classify different types of accounts and principles of personal and impersonal accounts with suitable examples..	Understand	CMBB02.02
10.	Demonstrate the principles of debit and credit of various accounts with suitable examples.	Understand	CMBB02.02
<b>PART-C (PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)</b>			
1.	Explain the meaning, merits and demerits of double entry system and briefly explain the differences between single and double entry systems.	Understand	CMBB02.01
2.	Briefly explain the dual aspect concept, realization concept, going concern concept, money measurement concept, accounting period concept and cost concept..	Analyze	CMBB02.01
3.	Discuss the convention of full disclosure, convention of materiality, Convention of conservatism and convention of consistency.	Understand	CMBB02.01
4.	Define Account. Elaborate the meaning of personal account, real account and nominal account with suitable examples.	Remember	CMBB02.02
5.	Examine the principles of personal account, real account and nominal account with suitable examples	Understand	CMBB02.02
6.	Examine the Class of Account to the following aspects: i)Capital ii) Sales A/c iii) Sales Returns A/c iv) Purchase Returns A/c v) Wages A/c vi) Commission Received A/c vii) Bad Debts A/c viii) Drawings ix) Buildings x) Goodwill xi) Salaries xii) Rent xiii) Machinery A/c xiv) Patents A/c xv) Rent received A/c	Understand	CMBB02.02
7.	State Debit or Credit to the following aspects: i)Purchases A/c ii) Sales A/c iii) Sales Returns A/c iv) Purchase Returns A/c v) Wages A/c vi) Commission Received A/c vii) Bad Debts A/c viii) Capital A/c ix) Drawings A/c	Remember	CMBB02.02
8.	Write cash or credit or non-cash to the following transactions: 2000 Jan 1 <sup>st</sup> Business started with cash Rs.50,000 Jan 2 <sup>nd</sup> Cash paid into bank Rs.1,000 Jan 3 <sup>rd</sup> Goods sold to Mahender Rs.2,000 Jan 4 <sup>th</sup> Goods purchased from Vinay Rs.2,500 Jan 5 <sup>th</sup> Goods returned to Vinay Rs.1,000 Jan 10 <sup>th</sup> Goods returned by Mahender Rs.500 Jan 15 <sup>th</sup> Machinery purchased for Rs.10,000 Jan 21 <sup>st</sup> Furniture sold for Rs. 5,000 Jan 30 <sup>th</sup> Rent Paid for Rs.3,000 Jan 31 <sup>st</sup> Commission received for Rs.2,000	Apply	CMBB02.02
9.	Examine the Class of Account to the following aspects: i)Drawings A/c ii) Purchases A/c iii) Alpha hotel A/c iv) Rajesh A/c v) Salaries A/c vi) Rent received A/c vii) Bad Debts collected A/c viii) State bank of India A/c ix) Furniture A/c x)	Apply	CMBB02.02

S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)
	Copy rights A/c xi) Insurance A/c xii) Interest received A/c xiii) Trademarks A/c xiv) Carriage inwards A/c xv) Dividend received A/c		
10.	Write Debit or Credit to the following aspects: i) Drawings A/c ii) Purchases A/c iii) Alpha hotel A/c iv) Rajesh A/c v) Salaries A/c vi) Rent received A/c vii) Bad Debts collected A/c viii) State bank of India A/c ix) Furniture A/c x) Copy rights A/c xi) Insurance A/c xii) Interest received A/c xiii) Trademarks A/c xiv) Carriage inwards A/c xv) Dividend received A/c	Apply	CMBB02.02
<b>UNIT-II</b>			
<b>PROCESS OF ACCOUNTING</b>			
<b>PART-A (SHORT ANSWER QUESTIONS)</b>			
1.	Explain the meaning of the journal. List out the uses of different types of subsidiary journals.	Understand	CMBB02.02
2.	Discuss about the ledger. List out the advantages of ledger and different types of subsidiary journals.	Analyze	CMBB02.02
3.	Describe about Trial Balance. List out the objectives, advantages and methods of trial balance.	Remember	CMBB02.03
4.	What is the meaning of trading account? State the proforma of trading account.	Understand	CMBB02.03
5.	What do you know about profit and loss account? State the proforma of profit and loss account.	Understand	CMBB02.03
6.	What do you understand by balance sheet? State the proforma of balance sheet.	Understand	CMBB02.03
7.	List out the advantages of trading account.	Understand	CMBB02.03
8.	List out the significance of profit and loss account.	Remember	CMBB02.03
9.	List out the significance of Balance sheet.	Remember	CMBB02.03
10.	Explain the meaning of depreciation. List out the need for charging depreciation on fixed assets.	Understand	CMBB02.04
11.	Examine the meaning of fixed installment method. List out the factors which are affected on depreciation.	Analyze	CMBB02.04
12.	Write a short note on diminishing balance method.	Understand	CMBB02.04
13.	List out the causes of depreciation, merits and demerits of fixed installment method.	Understand	CMBB02.04
14.	List out the different methods of depreciation and merits and demerits of diminishing balance method.	Analyze	CMBB02.04
15.	Write a short note on fixed installment method	Understand	CMBB02.04
16.	Write a short note on diminishing balance method	Remember	CMBB02.04
17.	Explain the meaning of annual depreciation and factors which are influencing on annual depreciation.	Analyze	CMBB02.04
18.	Describe the formulae for charging annual depreciation on fixed asset.	Remember	CMBB02.04
19.	Write the meaning of revenue expenditure and capital expenditure with suitable examples.	Analyze	CMBB02.04
20.	Write any four differences between revenue expenditure and capital expenditure.	Analyze	CMBB02.04
<b>PART-B (LONG ANSWER QUESTIONS)</b>			
1	Examine the meaning, definition, advantages and disadvantages of journal. Write different types of subsidiary journals.	Understand	CMBB02.02

S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)
2	Discuss the meaning, advantages of ledger and uses of purchases, sales, purchase returns and sales returns journals.	Understand	CMBB02.02
3	Examine the meaning, objectives, methods of preparing trial balance and significance of trial balance.	Understand	CMBB02.03
4.	Define trading account. Describe the advantages of trading account.	Remember	CMBB02.03
5.	Define profit and loss account. Explain the significance of profit and loss account.	Understand	CMBB02.03
6.	Define Balance sheet. Discuss the significance of Balance sheet.	Understand	CMBB02.03
7.	Discuss the meaning, accounting procedure of charging depreciation under straight line method, merits and demerits of fixed installment method.	Remember	CMBB02.03
8.	Describe the meaning accounting procedure of charging depreciation, merits and demerits of diminishing balance method..	Remember	CMBB02.03
9.	Define depreciation. Examine the causes of deprecation and factors influencing on depreciation.	Analyze	CMBB02.03
10.	Write the meaning of capital and revenue expenditure. Distinguish between capital and revenue expenditure.	Analyze	CMBB02.03
<b>PART-C (PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)</b>			
1.	Write journal entries from the following transactions: 2000 Jan 1 <sup>st</sup> Business started with cash Rs.50,000 Jan 2 <sup>nd</sup> Cash paid into bank Rs.1,000 Jan 3 <sup>rd</sup> Goods sold to Mahender Rs.2,000 Jan 4 <sup>th</sup> Goods purchased from Vinay Rs.2,500 Jan 5 <sup>th</sup> Goods returned to Vinay Rs.1,000 Jan 10 <sup>th</sup> Goods returned by Mahender Rs.500 Jan 15 <sup>th</sup> Machinery purchased on cash Rs.10,000 Jan 21 <sup>st</sup> Furniture sold for cash Rs. 5,000 Jan 30 <sup>th</sup> Rent Paid for Rs.3,000 Jan 31 <sup>st</sup> Commission received for Rs.2,000	Apply	CMBB02.02
2.	Write Journal Entries in the books of Mr. Kiran from the following transactions: 2013, May 1 <sup>st</sup> Business started with capital Rs.60,000 May 2 <sup>nd</sup> Insurance paid by cheque Rs.3,000 May 9 <sup>th</sup> Telephone Rent Paid in cash Rs.2,000 May 10 <sup>th</sup> Stationery Purchased for Rs.1,000 May 11 <sup>th</sup> Telegrams sent to New Delhi Rs.2,500 May 12 <sup>th</sup> Advertisement charges paid in cash Rs.5,000 May 13 <sup>th</sup> Machinery Purchased for Rs.90,000 May 14 <sup>th</sup> Furniture purchased for personal use Rs.30,000 May 13 <sup>th</sup> Depreciation charged on Machinery Rs.9,000 May 14 <sup>th</sup> Depreciation charged on Furniture Rs.3,000 May 16 <sup>th</sup> Rent received for Rs.6,000	Understand	CMBB02.02
3.	Write Journal Entries in the books of Mr. Siva Kumar from the following transactions. 2010, Jan.1 <sup>st</sup> Business started with cash Rs.30,000 Jan 2 <sup>nd</sup> Cash deposited in the Bank Rs.5,000 Jan 3 <sup>rd</sup> Cash withdrawn from the Bank Rs.3,000 for Office use Jan 4 <sup>th</sup> Cash Withdrawn from the bank for personal use Rs.1,000	Apply	CMBB02.02



S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)
	Jan 5 <sup>th</sup> Goods purchased from Raja on credit For Rs.5,000 Jan 6 <sup>th</sup> Goods returned to Raja Rs.1,000 Jan 7 <sup>th</sup> Cash paid to Raja Rs.3,600 Jan 8 <sup>th</sup> Cash received from Kiran Rs.1,000 Jan 10 <sup>th</sup> Insurance paid for Rs.1,500 Jan 15 <sup>th</sup> Rent received for Rs.2,000		
4.	Prepare purchases book, purchases returns book in the books of Mr. Sukumar from the following transactions 2008 Jan.1 <sup>st</sup> Goods purchased from Raju on credit Rs.10,000 Jan 2 <sup>nd</sup> Goods purchased from Ramu Rs.20,000 Jan 3 <sup>rd</sup> Goods returned to Raju Rs.1,000 Jan 4 <sup>th</sup> Goods returned to Ramu Rs.2,000 Jan 5 <sup>th</sup> Goods sold to Suresh on credit Rs.30,000 Jan 6 <sup>th</sup> Goods sold to Mahesh Rs.40,000 Jan 7 <sup>th</sup> Goods returned from Mahesh Rs.4,000 Jan 8 <sup>th</sup> Goods returned by Suresh Rs.3,000	Apply	CMBB02.02
5.	Prepare sales book, sales returns book in the books of Mr. Praveen kumar from the following transactions 2008 Jan.1 <sup>st</sup> Goods sold to Ranga Raju on credit Rs.10,000 less 10% Trade Discount. Jan 2 <sup>nd</sup> Goods sold to Venkat Rs.20,000 Jan 3 <sup>rd</sup> Goods returned from Ranga Raju Rs.1,000 Jan 4 <sup>th</sup> Goods returned from Venkat Rs.2,000 Jan 5 <sup>th</sup> Goods sold to Suresh on credit Rs.30,000 Jan 6 <sup>th</sup> Goods sold to Mahesh Rs.40,000 Jan 7 <sup>th</sup> Goods returned from Mahesh Rs.4,000 Jan 8 <sup>th</sup> Goods returned by Suresh Rs.3,000	Apply	CMBB02.02
6.	You are required to Show Trial balance as on 31.12.2009 under balances method from the following information: Capital Rs.6,000; Cash in hand Rs. 500; Bills Receivable Rs.4,550 ; Land & Building Rs.6,000; Purchases Rs. 7,000; Sales Rs.8,000; Debtors Rs.3,300; Creditors Rs.600; Bills Payable Rs. 2,750; Bank Overdraft Rs.4,000.	Apply	CMBB02.03
7.	You are required to Show Trial balance as on 31.3.2002 under balances method from the following information Drawings Rs.4,000; Discount Allowed Rs. 1,500 ; Discount Received Rs. 500; Office Expenses Rs. 2,000; Manufacturing Expenses Rs. 1,200; Bills Payable Rs.17,000; Bills Receivable Rs.10,000; Cash in Hand Rs.4,800; Cash at Bank Rs.30,800; Office Rent Rs.3,600; Bharat Capital Rs.2,00,000; Machinery Rs. 60,000; Stock as on 1.4.2001 Rs. 32,000; Wages Rs.1,00,000; Carriage Inwards Rs.1,000; Salaries Rs.10,000;Factory Rent Rs. 4,800 ; Repairs Rs. 800; Fuel &Power Rs. 5,000; Furniture Rs. 11,000; Buildings Rs.80,000; Sundry Debtors Rs.40,000; Sales Rs.4,07,200; Purchases Rs.2,44,000; Creditors Rs.25,000; Returns Inwards Rs.7,200; Returns Outwards Rs.4,000.	Apply	CMBB02.03

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8.	<p>From the following Trial Balance show Trading and Profit&amp; Loss Account for the year ending 31-12-2005 and Balance Sheet as on that date</p> <table border="1" data-bbox="315 394 1068 1094"> <thead> <tr> <th>Sl. No.</th> <th>Heads of Accounts</th> <th>L.F</th> <th>Debit Balance (Rs.)</th> <th>Credit Balance (Rs.)</th> </tr> </thead> <tbody> <tr><td>1.</td><td>Office Electricity</td><td></td><td>14,000</td><td></td></tr> <tr><td>2.</td><td>Discount</td><td></td><td></td><td>22,000</td></tr> <tr><td>3.</td><td>Insurance</td><td></td><td>16,000</td><td></td></tr> <tr><td>4.</td><td>Wages</td><td></td><td>50,000</td><td></td></tr> <tr><td>5.</td><td>Opening Stock</td><td></td><td>20,000</td><td></td></tr> <tr><td>6.</td><td>Rent</td><td></td><td>24,000</td><td></td></tr> <tr><td>7.</td><td>Sales</td><td></td><td></td><td>8,00,000</td></tr> <tr><td>8.</td><td>Purchases</td><td></td><td>3,00,000</td><td></td></tr> <tr><td>9.</td><td>Office Expenses</td><td></td><td>30,000</td><td></td></tr> <tr><td>10.</td><td>Land &amp; Building</td><td></td><td>5,40,000</td><td></td></tr> <tr><td>11.</td><td>Salaries</td><td></td><td>90,000</td><td></td></tr> <tr><td>12.</td><td>Returns</td><td></td><td>20,000</td><td>10,000</td></tr> <tr><td>13.</td><td>Power, Gas and Water</td><td></td><td>30,000</td><td></td></tr> <tr><td>14.</td><td>Sundry Creditors</td><td></td><td></td><td>60,000</td></tr> <tr><td>15.</td><td>Capital</td><td></td><td></td><td>3,02,000</td></tr> <tr><td>16.</td><td>Furniture</td><td></td><td>15,000</td><td></td></tr> <tr><td>17.</td><td>Sundry Debtors</td><td></td><td>60,000</td><td></td></tr> <tr><td>18.</td><td>Bills Payable</td><td></td><td></td><td>15,000</td></tr> <tr><td></td><td>TOTAL</td><td></td><td>12,09,000</td><td>12,09,000</td></tr> </tbody> </table> <p>Adjustment: (1) Closing Stock Rs.25,000 (2) Prepaid Insurance Rs.6,000</p>	Sl. No.	Heads of Accounts	L.F	Debit Balance (Rs.)	Credit Balance (Rs.)	1.	Office Electricity		14,000		2.	Discount			22,000	3.	Insurance		16,000		4.	Wages		50,000		5.	Opening Stock		20,000		6.	Rent		24,000		7.	Sales			8,00,000	8.	Purchases		3,00,000		9.	Office Expenses		30,000		10.	Land & Building		5,40,000		11.	Salaries		90,000		12.	Returns		20,000	10,000	13.	Power, Gas and Water		30,000		14.	Sundry Creditors			60,000	15.	Capital			3,02,000	16.	Furniture		15,000		17.	Sundry Debtors		60,000		18.	Bills Payable			15,000		TOTAL		12,09,000	12,09,000	Apply	CMBB02.03
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9.	<p>From the following Trial Balance and Adjustments, show Trading and Profit&amp; Loss Account for the year ending 31-12-2003 and Balance Sheet as on that date in the books of Mr. Vijay.</p> <table border="1" data-bbox="315 1262 1068 1896"> <thead> <tr> <th>Sl. No.</th> <th>Heads of Accounts</th> <th>L.F</th> <th>Debit Balance (Rs.)</th> <th>Credit Balance (Rs.)</th> </tr> </thead> <tbody> <tr><td>1.</td><td>Drawings</td><td></td><td>14,000</td><td></td></tr> <tr><td>2.</td><td>Discount</td><td></td><td></td><td>13,000</td></tr> <tr><td>3.</td><td>Interest</td><td></td><td>16,000</td><td></td></tr> <tr><td>4.</td><td>Wages</td><td></td><td>50,000</td><td></td></tr> <tr><td>5.</td><td>Opening Stock</td><td></td><td>20,000</td><td></td></tr> <tr><td>6.</td><td>Rent</td><td></td><td>24,000</td><td></td></tr> <tr><td>7.</td><td>Sales</td><td></td><td></td><td>8,00,000</td></tr> <tr><td>8.</td><td>Purchases</td><td></td><td>3,00,000</td><td></td></tr> <tr><td>9.</td><td>Office Expenses</td><td></td><td>30,000</td><td></td></tr> <tr><td>10.</td><td>Land &amp; Building</td><td></td><td>5,40,000</td><td></td></tr> <tr><td>11.</td><td>Salaries</td><td></td><td>90,000</td><td></td></tr> <tr><td>12.</td><td>Returns</td><td></td><td>20,000</td><td>10,000</td></tr> <tr><td>13.</td><td>Power, Gas and Water</td><td></td><td>30,000</td><td></td></tr> <tr><td>14.</td><td>Sundry Creditors</td><td></td><td></td><td>60,000</td></tr> <tr><td>15.</td><td>Capital</td><td></td><td></td><td>3,02,000</td></tr> <tr><td>16.</td><td>Furniture</td><td></td><td>15,000</td><td></td></tr> <tr><td>17.</td><td>Sundry Debtors</td><td></td><td>51,000</td><td></td></tr> </tbody> </table>	Sl. No.	Heads of Accounts	L.F	Debit Balance (Rs.)	Credit Balance (Rs.)	1.	Drawings		14,000		2.	Discount			13,000	3.	Interest		16,000		4.	Wages		50,000		5.	Opening Stock		20,000		6.	Rent		24,000		7.	Sales			8,00,000	8.	Purchases		3,00,000		9.	Office Expenses		30,000		10.	Land & Building		5,40,000		11.	Salaries		90,000		12.	Returns		20,000	10,000	13.	Power, Gas and Water		30,000		14.	Sundry Creditors			60,000	15.	Capital			3,02,000	16.	Furniture		15,000		17.	Sundry Debtors		51,000		Apply	CMBB02.03										
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12.	Returns		20,000	10,000																																																																																																			
13.	Power, Gas and Water		30,000																																																																																																				
14.	Sundry Creditors			60,000																																																																																																			
15.	Capital			3,02,000																																																																																																			
16.	Furniture		15,000																																																																																																				
17.	Sundry Debtors		51,000																																																																																																				



S. No	QUESTION					Blooms Taxonomy Level	Course Outcome (COs)
	18.	Bills Payable			15,000		
		TOTAL		12,00,000	12,00,000		
	<b>Adjustments:</b> 1. Closing Stock Rs.80,000. 2. Outstanding Salaries Rs.10,000. 3. Depreciate Buildings by 10% p.a.						
8.	A Machine was purchased for Rs.50,000 on 1-1-2012 and it was sold on 31-12-2014 for Rs.40,000. Depreciation was charged @10% p.a. under Diminishing Balance Method. Prepare machinery A/c and depreciation A/c for upto the date of sale. Calculate profit or loss on the sale of the machine.					Apply	CMBB02.04
9.	A Machine was purchased for Rs.25,000 on 1-1-2010 and installation charges paid on it for Rs.5,000 on the same date. It was sold for 15,000 on 31-12-2012. Depreciation was charged @10% p.a. under fixed installment Method. Prepare machinery A/c and depreciation A/c for up to the date of sale. Calculate profit or loss on the sale of the machine.					Remember	CMBB02.04
10.	A machine was purchased for Rs.60,000 on 1-1-2012 and another machinery purchased on 1-1-2013 for Rs.20,000. Depreciation was charged @10% p.a. under diminishing balance method. Prepare Machinery A/c for the first 3 years.					Understand	CMBB02.04
<b>UNIT-III</b>							
<b>INVENTORY VALUATION</b>							
<b>PART-A(SHORT ANSWER QUESTIONS)</b>							
1.	List out the meaning and demerits of FIFO Method.					Remember	CMBB02.05
2.	List out the meaning and demerits of LIFO Method.					Remember	CMBB02.05
3.	Write the meaning and merits of simple average method.					Understand	CMBB02.05
4.	State the meaning and demerits of weighted average method.					Remember	CMBB02.05
5.	State the demerits of weighted average method.					Remember	CMBB02.05
6.	Critically examine the advantages of FIFO Method.					Understand	CMBB02.05
7.	Describe the merits of LIFO Method.					Understand	CMBB02.05
8.	Explain the demerits of simple average method.					Understand	CMBB02.05
9.	State the merits of weighted average method.					Remember	CMBB02.05
10.	List out the methods of inventory valuation.					Analyze	CMBB02.05
1.	Write a short note on convertible Preference shares.					Understand	CMBB02.06
2.	Write any three differences between preference shares and equity shares.					Analyze	CMBB02.06
3.	Write any three differences between shareholders and debenture holders.					Analyze	CMBB02.06
4.	Write any three differences between shares and stock.					Analyze	CMBB02.06
5.	Write a short note on cumulative preference shares.					Understand	CMBB02.06
6.	Discuss any three types of preference shares.					Remember	CMBB02.06

S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)
7.	Write s short note on equity shares.	Remember	CMBB02.06
8.	Write a short note on preference shares.	Remember	CMBB02.06
9.	Write a short note on differed shares.	Understand	CMBB02.06
10.	Examine any three types of debentures.	Analyze	CMBB02.06
11.	List out the features debentures.	Understand	CMBB02.06
<b>PART-B(LONG ANSWER QUESTIONS)</b>			
1.	State the meaning and advantages of first in first out method.	Remember	CMBB02.05
2.	Define first in first out method. Discuss the disadvantages of first in first out method.	Remember	CMBB02.05
3.	Describe the meaning and advantages of last in first out method.	Understand	CMBB02.05
4.	Examine the limitations of last in first out method.	Understand	CMBB02.05
5.	Explain the meaning and advantages of simple average method.	Remember	CMBB02.05
6.	Define simple average method. Examine the limitations of simple average method.	Understand	CMBB02.05
7.	Explain the meaning, advantages and disadvantages of weighted average method.	Remember	CMBB02.05
8.	Define weighted average method. Examine the limitations of weighted average method.	Understand	CMBB02.05
9.	Define inventory valuation. Demonstrate the objectives of inventory valuation.	Understand	CMBB02.05
1.	Distinguish between equity shareholders and preference	Understand	CMBB02.06
2.	Define equity shares and preference shares. Explain different types of Preference shares.	Understand	CMBB02.06
3.	What do you understand about stock and shares? Distinguish between stock and shares.	Analyze	CMBB02.06
4.	What do you understand by shares and debentures? Differentiate between share holders and debenture holders.	Analyze	CMBB02.06
5.	Define debenture. Discuss the features and different types of debentures.	Understand	CMBB02.06
6.	Define debenture. Explain the merits and demerits of debentures.	Understand	CMBB02.06
<b>PART-C (PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)</b>			
1.	The following transactions occur in the purchase and issue of a material: 2010 Jan 1 <sup>st</sup> Purchased 4,000 units @ Rs.4.40 per unit Jan 20 <sup>th</sup> Purchased 500 units @ Rs.5.00 per unit Feb 5 <sup>th</sup> Issued 2,000 units Feb 10 <sup>th</sup> Purchased 6,000 units @ Rs.6.00 per unit Feb 12 <sup>th</sup> Issued 4,000 units March 15 <sup>th</sup> Purchased 4,500 units @ Rs.5.50 per unit March 20 <sup>th</sup> Issued 3,000 units. Prepare stores ledger under FIFO Method from the above	Apply	CMBB02.05
2.	Prepare stores ledger under simple average method from the	Apply	CMBB02.05

S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)
	<p>following information.</p> <p>2010</p> <p>March 1<sup>st</sup> Opening stock 1,000 units @Rs.6.00 per unit</p> <p>March 3<sup>rd</sup> Purchased 6,000 units @ Rs.5.50 per unit</p> <p>March 10<sup>th</sup> Purchased 2,000 units @ Rs.6.50 per unit</p> <p>March 15<sup>th</sup> Issued 3,000 units</p> <p>March 20<sup>th</sup> Purchased 8,000 units @ Rs.8.00 per unit</p> <p>March 22<sup>nd</sup> Issued 5,000 units</p> <p>March 25<sup>th</sup> Purchased 4,000 units @ Rs.7.50 per unit</p> <p>March 30<sup>th</sup> Issued 4,000 units.</p>		
3.	<p>Prepare stores ledger under weighted average method from the following information.</p> <p>2012</p> <p>May 1<sup>st</sup> Opening stock 2,000 units @Rs.6.00 per unit</p> <p>May 3<sup>rd</sup> Purchased 6,000 units @ Rs.5.50 per unit</p> <p>May 10<sup>th</sup> Purchased 4,000 units @ Rs.6.50 per unit</p> <p>June 15<sup>th</sup> Issued 5,000 units</p> <p>June 20<sup>th</sup> Purchased 8,000 units @ Rs.8.00 per unit</p> <p>June 22<sup>nd</sup> Issued 6,000 units</p> <p>June 25<sup>th</sup> Purchased 4,000 units @ Rs.7.50 per unit</p> <p>June 30<sup>th</sup> Issued 3,000 units.</p>	Apply	CMBB02.05
4.	<p>The following transactions occur in the purchase and issue of a material: 2010</p> <p>June 1<sup>st</sup> Purchased 2,000 units @ Rs.5.00 per unit</p> <p>June 20<sup>th</sup> Purchased 1500 units @ Rs.6.00 per unit</p> <p>June 5<sup>th</sup> Issued 2,500 units</p> <p>June 10<sup>th</sup> Purchased 3,000 units @ Rs.7.00 per unit</p> <p>June 12<sup>th</sup> Issued 2,000 units</p> <p>June 15<sup>th</sup> Purchased 4,500 units @ Rs.8.50 per unit</p> <p>June 20<sup>th</sup> Issued 3,000 units.</p> <p>Prepare stores ledger under LIFO method from the above</p>	Apply	CMBB02.05
5.	<p>The following transactions occur in the purchase and issue of a material: 2010</p> <p>September 1<sup>st</sup> Purchased 4,000 units @ Rs.4.00 per unit</p> <p>September 10<sup>th</sup> Purchased 3500 units @ Rs.5.00 per unit</p> <p>September 15<sup>th</sup> Issued 4,500 units</p> <p>September 20<sup>th</sup> Purchased 5,000 units @ Rs.6.00 per unit</p> <p>September 22<sup>th</sup> Issued 4,000 units</p> <p>September 25<sup>th</sup> Purchased 6,500 units @ Rs.5.00 per unit</p> <p>September 30<sup>th</sup> Issued 5,000 units.</p> <p>Prepare stores ledger under LIFO Method from the above</p>	Apply	CMBB02.05

S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)
1.	<p>X Limited company invited applications of 10,000 shares of Rs.100 each at a discount of 5 per cent payable as follows:  on application Rs.25  on allotment Rs.35  on First and Final Call Rs.35</p> <p>The applications received for 9,000 shares and all of these shares were accepted. All moneys due were received except the First and Final call on 100 shares. Write journal entries in the books of X</p>	Apply	CMBB02.06
2.	<p>Fairdealers Ltd issued 10,000 Equity shares of Rs.10 each. The payment of share was given as follows:  On Application Rs.2, Allotment Rs.2, First call Rs.3 and Final call</p>	Apply	CMBB02.06
3.	<p>XYZ Limited company invited applications of 10,000 shares of Rs.100 each at a discount of 5 per cent payable as follows:  On application Rs.20  On allotment Rs.40  On First and Final Call Rs.35</p> <p>The applications received for 9,000 shares and all of these shares were accepted. All moneys due were received except the First and Final call on 500 shares. Write journal entries in the books of XYZ Limited Company.</p>	Apply	CMBB02.06
4.	<p>ABC Pvt. Company Ltd. issued 20,000 Equity shares of Rs.50 each. The payment of share was given as follows:  On Application Rs.20, Allotment Rs.20, First call Rs.30 and Final call Rs.30 each. All the shares taken by the public and the money duly received on all shares.  Show journal entries in the books of ABC Pvt.Ltd.</p>	Apply	CMBB02.06
5.	<p>PQR Pvt. Company Ltd. issued 5000 Equity shares of Rs.100 each. The payment of share was given as follows:  On Application Rs.30, Allotment Rs.40, First call Rs.15 and Final call Rs.15 each. All the shares taken by the public and the money duly received on the shares except 1000 shares at the time of first and final call. 1000 shares were forfeited by the company. 1000 Forfeited shares were reissued by the company at Rs.90.  Show journal entries in the books of PQR Ltd.</p>	Apply	CMBB02.06
6.	<p>Ram &amp; Co Pvt. Company Ltd. invited applications of 50,000 shares of Rs.100 each at a discount of 5 per cent payable as follows:  on application Rs.35  on allotment Rs.25  on First and Final Call Rs.35</p> <p>All of these shares were accepted. All moneys due were received except the First and Final call on 500 shares. Write journal entries in the books of Ram &amp; Co Pvt. Company Ltd.</p>	Apply	CMBB02.06
7.	<p>ABC Ltd company issued 10,000 Equity shares of Rs.50 each. The payment of share was given as follows:  On Application Rs.20, Allotment Rs.20, First call Rs.5 and Final call</p>	Apply	CMBB02.06

S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)
	Rs.5 each. All the shares taken by the public and the money duly received on the shares except 1000 shares at the time of first and final call. 1000 shares were forfeited by the company. 1000 Forfeited shares were reissued by the company at Rs.90. Show journal entries in the books of ABC Ltd.		
8.	XYZ Ltd company issued 5,000 Equity shares of Rs.25 each. The payment of share was given as follows: On Application Rs.10, Allotment Rs.5, First call Rs.5 and Final call Rs.5 each. All the shares taken by the public and the money duly received on all shares. Show journal entries in the books of XYZ Ltd.	Apply	CMBB02.06
9.	MN Pvt.Ltd company issued 20,000 Equity shares of Rs.50 each. The payment of share was given as follows: On Application Rs.15, Allotment Rs.15, First call Rs.10 and Final call Rs.10 each. All the shares taken by the public and the money duly received on all shares. Show journal entries in the books of MN Ltd.	Apply	CMBB02.06
10.	Raj & Co Pvt. company Ltd.issued 15,000 Equity shares of Rs.100 each. The payment of share was given as follows: On Application Rs.20, Allotment Rs.20, First call Rs.30 and Final call Rs.30 each. All the shares taken by the public and the money duly received on the shares except 5000 shares at the time of first and	Apply	CMBB02.06

#### UNIT-IV

#### FINANCIAL ANALYSIS-I

#### PART-A (SHORT ANSWER QUESTIONS)

1.	List out the components of working capital.	Remember	CMBB02.08
2.	Predict the factors influencing on working capital.	Analyze	CMBB02.08
3.	Discuss different types of working capital.	Understand	CMBB02.08
4.	List out the requirements of working capital.	Remember	CMBB02.08
5.	List out the components of current assets.	Analyze	CMBB02.08
6.	List out the components of current liabilities.	Analyze	CMBB02.08
7.	List out the advantages of funds flow statement.	Understand	CMBB02.09
8.	List out the demerits of cash flow statement.	Remember	CMBB02.09
9.	List out the components of sources of funds.	Remember	CMBB02.09
10.	State the components of application of funds.	Understand	CMBB02.09
11.	State the meaning of funds flow statement.	Understand	CMBB02.09
12.	List out the limitations of funds flow statement.	Remember	CMBB02.09
13.	State the advantages of cash flow statement.	Remember	CMBB02.09
14.	Briefly explain the meaning of cash flow Statement.	Understand	CMBB02.09
15.	Discuss the meaning of funds flow statement.	Understand	CMBB02.09
16.	List out the components of cash inflows	Remember	CMBB02.09
17.	Explain any two advantages of funds flow statement.	Remember	CMBB02.09
18.	State any two limitations of funds flow statement.	Understand	CMBB02.09
19.	State any two advantages of cash flow statement.	Remember	CMBB02.09

S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)																								
20.	Prepare a specimen of adjusted profit and loss account.	Understand	CMBB02.09																								
<b>PART-B (LONG ANSWER QUESTIONS)</b>																											
1.	Explain different types of working capital.	Understand	CMBB02.08																								
2.	Define working capital. Elucidate the importance of working	Understand	CMBB02.08																								
3.	Examine the factors which are influenced on working capital requirement.	Analyze	CMBB02.08																								
4.	Define Funds flow statement. Explain its significance and limitations of funds flow statement.	Remember	CMBB02.09																								
5.	Define cash flow statement. Discuss the importance and limitations of cash flow statement.	Understand	CMBB02.09																								
6.	Distinguish between cash flow statement and funds flow	Remember	CMBB02.09																								
7.	Distinguish between funds flow statement and balance sheet.	Remember	CMBB02.09																								
8.	Distinguish between funds flow statement and income statement.	Understand	CMBB02.09																								
9.	Prepare a specimen of funds flow statement.	Understand	CMBB02.09																								
10.	Write the specimen of cash flow statement.	Remember	CMBB02.09																								
11.	Write the specimen of statement showing changes in working	Remember	CMBB02.09																								
12.	Describe the components of working capital.	Analyze	CMBB02.09																								
13.	Enumerate the components of sources of funds in detail.	Analyze	CMBB02.09																								
14.	Examine the components of application of funds in detail.	Analyze	CMBB02.09																								
15.	Describe the components of application of cash in detail.	Analyze	CMBB02.09																								
16.	Discuss the components of sources of cash in detail.	Analyze	CMBB02.09																								
<b>PART-C (PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)</b>																											
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S. No	QUESTION						Blooms Taxonomy Level	Course Outcome (COs)
8.	Prepare funds flow statement of MN Ltd., for the year ended 31 <sup>st</sup> March 2002 from the following balance sheets						Apply	CMBB02.09
Liabilities		<b>2001 (Rs.)</b>	<b>2002 (Rs.)</b>	Assets	<b>2001 (Rs.)</b>	<b>2002 (Rs.)</b>		
Capital		2,00,000	2,50,000	Building	50,000	66,000		
Creditors		70,000	45,000	Stock	80,000	90,000		
P & L A/c		10,000	23,000					
				Sundry Debtors	1,20,000	1,15,000		
				Cash	30,000	47,000		
		<b>2,80,000</b>	<b>3,18,000</b>		<b>2,80,000</b>	<b>3,18,000</b>		
9.	Prepare funds flow statement of MNO Ltd., for the year ended 31 <sup>st</sup> December 2006 from the following balance sheets:						Apply	CMBB02.09
Liabilities		<b>2005 (Rs.)</b>	<b>2006 (Rs.)</b>	Assets	<b>2005 (Rs.)</b>	<b>2006 (Rs.)</b>		
Capital		63,000	1,00,000	Building	80,000	1,00,000		
Creditors		42,000	39,000	Furniture	15,000	10,000		
O/s expenses		5,000	6,000	Stock	55,000	72,000		
Long term Loan		50,000	60,000	Sundry Debtors	30,000	28,000		
Bank O.D		35,000	25,000	Cash	15,000	20,000		
		<b>1,95,000</b>	<b>2,30,000</b>		<b>1,95,000</b>	<b>2,30,000</b>		
10.	Prepare funds flow statement of ABC Ltd., for the year ended 31 <sup>st</sup> December 2006 from the following balance sheets:						Apply	CMBB02.09
Liabilities		<b>2005 (Rs.)</b>	<b>2006 (Rs.)</b>	Assets	<b>2005 (Rs.)</b>	<b>2006 (Rs.)</b>		
Capital		60,000	1,20,000	Building	90,000	1,20,000		
Creditors		62,000	69,000	Furniture	25,000	15,000		
O/s expenses		15,000	16,000	Stock	65,000	75,000		
Long term Loan		70,000	90,000	Sundry Debtors	35,000	30,000		

S. No	QUESTION						Blooms Taxonomy Level	Course Outcome (COs)
	Bank O.D	25,000	35,000	Cash	17,000	90,000		
		<b>2,32,000</b>	<b>3,30,000</b>		<b>2,32,000</b>	<b>3,30,000</b>		
11.	Prepare funds flow statement of SM Industries for the year ended 31 <sup>st</sup> March 2009 from the following balance sheets						Apply	CMBB02.09
	Liabilities	<b>2008 (Rs.)</b>	<b>2009 (Rs.)</b>	Assets	<b>2008 (Rs.)</b>	<b>2009 (Rs.)</b>		
	Capital	60,000	65,000	Goodwill	30,000	25,000		
	Current Liabilities	12,000	3,000	Furniture	60,000	50,000		
	P & L A/c	34,000	26,000	Current Assets	16,000	19,000		
		<b>1,06,000</b>	<b>94,000</b>		<b>1,06,000</b>	<b>94,000</b>		
	<b>Other Information:</b>							
	1. Dividend of Rs.12,000 was paid during the year 2009. 2. Depreciation on Furniture Rs.20,000 transferred to P&L A/c.							

S. No	QUESTION						Blooms Taxonomy Level	Course Outcome (COs)																																										
12.	Prepare funds flow statement of PQ Ltd., for the year ended 31 <sup>st</sup> March 2010 from the following balance sheets <table border="1" data-bbox="321 338 1070 953"> <thead> <tr> <th>Liabilities</th> <th>2009 (Rs.)</th> <th>2010 (Rs.)</th> <th>Assets</th> <th>2009 (Rs.)</th> <th>2010 (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td>2,50,000</td> <td>3,25,000</td> <td>Building</td> <td>50,000</td> <td>60,000</td> </tr> <tr> <td>Creditors</td> <td>1,00,000</td> <td>70,000</td> <td>Furniture</td> <td>10,000</td> <td>15,000</td> </tr> <tr> <td>P &amp; L A/c</td> <td>15,000</td> <td>30,000</td> <td>Stock</td> <td>85,000</td> <td>1,05,000</td> </tr> <tr> <td>Provision for tax</td> <td>50,000</td> <td>75,000</td> <td>Sundry Debtors</td> <td>1,60,000</td> <td>1,50,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Cash</td> <td>1,10,000</td> <td>1,70,000</td> </tr> <tr> <td></td> <td><b>4,15,000</b></td> <td><b>5,00,000</b></td> <td></td> <td><b>4,15,000</b></td> <td><b>5,00,000</b></td> </tr> </tbody> </table> <p data-bbox="321 953 1070 1024"><b>Other Information:</b> Income tax provision made during the year was Rs.35,000.</p>						Liabilities	2009 (Rs.)	2010 (Rs.)	Assets	2009 (Rs.)	2010 (Rs.)	Capital	2,50,000	3,25,000	Building	50,000	60,000	Creditors	1,00,000	70,000	Furniture	10,000	15,000	P & L A/c	15,000	30,000	Stock	85,000	1,05,000	Provision for tax	50,000	75,000	Sundry Debtors	1,60,000	1,50,000				Cash	1,10,000	1,70,000		<b>4,15,000</b>	<b>5,00,000</b>		<b>4,15,000</b>	<b>5,00,000</b>	Apply	CMBB02.09
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13.	Prepare funds flow statement of XY Ltd., for the year ended 31 <sup>st</sup> March 2010 from the following balance sheets <table border="1" data-bbox="321 1134 1070 1816"> <thead> <tr> <th>Liabilities</th> <th>2009 (Rs.)</th> <th>2010 (Rs.)</th> <th>Assets</th> <th>2009 (Rs.)</th> <th>2010 (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td>1,50,000</td> <td>2,75,000</td> <td>Building</td> <td>50,000</td> <td>60,000</td> </tr> <tr> <td>Creditors</td> <td>90,000</td> <td>70,000</td> <td>Furniture</td> <td>10,000</td> <td>15,000</td> </tr> <tr> <td>P &amp; L A/c</td> <td>15,000</td> <td>30,000</td> <td>Stock</td> <td>80,000</td> <td>1,05,000</td> </tr> <tr> <td>Provision for tax</td> <td>50,000</td> <td>25,000</td> <td>Sundry Debtors</td> <td>60,000</td> <td>1,00,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Cash</td> <td>1,05,000</td> <td>1,20,000</td> </tr> <tr> <td></td> <td><b>3,05,000</b></td> <td><b>4,00,000</b></td> <td></td> <td><b>3,05,000</b></td> <td><b>4,00,000</b></td> </tr> </tbody> </table> <p data-bbox="321 1816 1070 1877"><b>Other Information:</b> i) Income tax provision made during the year was Rs.65,000.</p>						Liabilities	2009 (Rs.)	2010 (Rs.)	Assets	2009 (Rs.)	2010 (Rs.)	Capital	1,50,000	2,75,000	Building	50,000	60,000	Creditors	90,000	70,000	Furniture	10,000	15,000	P & L A/c	15,000	30,000	Stock	80,000	1,05,000	Provision for tax	50,000	25,000	Sundry Debtors	60,000	1,00,000				Cash	1,05,000	1,20,000		<b>3,05,000</b>	<b>4,00,000</b>		<b>3,05,000</b>	<b>4,00,000</b>	Apply	CMBB02.09
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S. No	QUESTION						Blooms Taxonomy Level	Course Outcome (COs)
		4,15,000	5,00,000		4,15,000	5,00,000		
	<p><b>Other Information:</b> i) Depreciation was written off furniture Rs.5,000 during the year 2012. ii) Payment of Dividend for Rs. 10,000 during the year 2012.</p>							
<b>UNIT-V</b>								
<b>FINANCIAL ANALYSIS-II</b>								
<b>PART-A(SHORT ANSWER QUESTIONS)</b>								
1.	List out the limitations of financial statement analysis.						Remember	CMBB02.10
2.	Write any three advantages of financial statements.						Understand	CMBB02.10
3.	Elucidate the concepts of comparative balance Sheet common size balance sheet.						Analyze	CMBB02.11
4.	Examine the concepts of comparative income statement and common size income statement.						Analyze	CMBB02.11
3.	Examine any three advantages of ratio analysis.						Understand	CMBB02.12
4.	Write a short note on current ratio.						Remember	CMBB02.12
5.	Examine the formula for operating ratio.						Remember	CMBB02.12
6.	Design the formula for debt equity ratio.						Understand	CMBB02.12
7.	List out the limitations of ratio analysis.						Remember	CMBB02.12
8.	Explain the term cost of goods sold.						Understand	CMBB02.12
9.	Write the formula for current ratio.						Understand	CMBB02.12
10.	Explain the meaning of ratio analysis.						Remember	CMBB02.12
11.	Write the formulae of quick ratio.						Understand	CMBB02.12
12.	Explain the meaning of absolute liquidity ratio.						Understand	CMBB02.12
13.	Discuss two types of profitability ratios.						Remember	CMBB02.12
14.	Examine the formulae of working capital turnover ratio.						Understand	CMBB02.12
15.	Discuss the formulae of inventory turnover ratio.						Understand	CMBB02.12
16.	State the formulae of creditors' turnover ratio.						Remember	CMBB02.12
17.	Examine the formulae of debtors' turnover ratio.						Understand	CMBB02.12
18.	Examine the formulae of operating ratio.						Understand	CMBB02.12
19.	Write the formulae of gross profit ratio.						Remember	CMBB02.12
20.	State the formulae of net profit ratio.						Understand	CMBB02.12
21.	Explain the concept of Du Pont Chart.						Understand	CMBB02.12
<b>PART-B(LONG ANSWER QUESTIONS)</b>								
1.	Explain the significance of financial statement analysis.						Understand	CMBB02.10
2.	Define financial statement analysis. Explain limitations of financial statements.						Remember	CMBB02.10
3.	Examine the concept of comparative financial statements.						Understand	CMBB02.11
4.	Describe the concept of common size financial statements.						Understand	CMBB02.11
5.	Discuss the objectives of financial statement analysis.						Remember	CMBB02.11

S. No	QUESTION	Blooms Taxonomy Level	Course Outcome (COs)
6.	Define Ratio Analysis. Discuss the advantages of ratio analysis.	Remember	CMBB02.12
7.	Illustrate different types of Ratios.	Remember	CMBB02.12
8.	Discuss different types of liquidity ratios.	Understand	CMBB02.12
9.	Describe different types of financial statements.	Analyze	CMBB02.12
10.	Examine different types of turnover ratios.	Remember	CMBB02.12
11.	Explain different types of capital structure ratios.	Understand	CMBB02.12
12.	Examine different types of profitability ratios.	Understand	CMBB02.12
13.	Demonstrate the formulas for of different types of liquidity ratios.	Remember	CMBB02.12
14.	Discuss the formulas for different types of turnover ratios.	Understand	CMBB02.12
15.	Examine the formulas for different types of profitability ratios.	Understand	CMBB02.12
16.	Enumerate the limitations of ratio analysis.	Analyze	CMBB02.12
17.	What is the meaning of window dressing? Explain different kinds of window dressing.	Analyze	CMBB02.12

**PART-C (PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)**

1	<p>From the following balance sheet you are required to Calculate i) Current ratio, ii) Quick ratio and iii) Absolute liquidity ratio. Balance Sheet of XYZ &amp; Co for the year ended 31-12-2013</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Liabilities</th> <th style="text-align: center;">Amount (Rs.)</th> <th style="text-align: left;">Assets</th> <th style="text-align: center;">Amount(Rs.)</th> </tr> </thead> <tbody> <tr> <td>Equity share capital</td> <td style="text-align: right;">10,00,000</td> <td>Goodwill</td> <td style="text-align: right;">5,00,000</td> </tr> <tr> <td>6% Preference Share Capital</td> <td style="text-align: right;">5,00,000</td> <td>Plant &amp; Machinery</td> <td style="text-align: right;">6,00,000</td> </tr> <tr> <td>General Reserve</td> <td style="text-align: right;">1,00,000</td> <td>Land &amp; Building</td> <td style="text-align: right;">7,00,000</td> </tr> <tr> <td>P&amp;L A/c</td> <td style="text-align: right;">4,00,000</td> <td>Furniture</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>12% Debenture</td> <td style="text-align: right;">5,00,000</td> <td>Inventory</td> <td style="text-align: right;">6,00,000</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">80,000</td> <td>Bills Receivables</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>Bank O.D</td> <td style="text-align: right;">20,000</td> <td>Debtors</td> <td style="text-align: right;">1,50,000</td> </tr> <tr> <td>Bills Payable</td> <td style="text-align: right;">1,24,000</td> <td>Bank Balance</td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td>Provision for Taxation</td> <td style="text-align: right;">1,76,000</td> <td>Marketable Securities</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td></td> <td style="text-align: right;"><b>29,00,000</b></td> <td></td> <td style="text-align: right;"><b>29,00,000</b></td> </tr> </tbody> </table>	Liabilities	Amount (Rs.)	Assets	Amount(Rs.)	Equity share capital	10,00,000	Goodwill	5,00,000	6% Preference Share Capital	5,00,000	Plant & Machinery	6,00,000	General Reserve	1,00,000	Land & Building	7,00,000	P&L A/c	4,00,000	Furniture	1,00,000	12% Debenture	5,00,000	Inventory	6,00,000	Creditors	80,000	Bills Receivables	30,000	Bank O.D	20,000	Debtors	1,50,000	Bills Payable	1,24,000	Bank Balance	2,00,000	Provision for Taxation	1,76,000	Marketable Securities	20,000		<b>29,00,000</b>		<b>29,00,000</b>	Apply	CMBB02.12
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2	<p>Calculate i) Gross profit ratio ii) Net profit ratio iii) Operating ratio iv) Operating profit ratio from the following Trading and Profit and Loss Account:</p> <p><b>Dr</b></p> <p><b>Cr</b></p> <table border="1" data-bbox="284 325 1063 735"> <thead> <tr> <th>Particulars</th> <th>Amount Rs.</th> <th>Particulars</th> <th>Amount Rs.</th> </tr> </thead> <tbody> <tr> <td>To Opening stock</td> <td>30,000</td> <td>By Net sales</td> <td>1,10,000</td> </tr> <tr> <td>To Purchases</td> <td>60,000</td> <td>By Closing stock</td> <td>20,000</td> </tr> <tr> <td>To Wages</td> <td>10,000</td> <td></td> <td></td> </tr> <tr> <td>To Gross profit</td> <td>30,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td><b>1,30,000</b></td> <td></td> <td><b>1,30,000</b></td> </tr> <tr> <td>To Office expenses</td> <td>10,000</td> <td>By Gross profit</td> <td>30,000</td> </tr> <tr> <td>To Selling and Distribution</td> <td>5,000</td> <td>By Sundry receipts</td> <td>5,000</td> </tr> <tr> <td>To Net Profit</td> <td>20,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td><b>35,000</b></td> <td></td> <td><b>35,000</b></td> </tr> </tbody> </table>	Particulars	Amount Rs.	Particulars	Amount Rs.	To Opening stock	30,000	By Net sales	1,10,000	To Purchases	60,000	By Closing stock	20,000	To Wages	10,000			To Gross profit	30,000				<b>1,30,000</b>		<b>1,30,000</b>	To Office expenses	10,000	By Gross profit	30,000	To Selling and Distribution	5,000	By Sundry receipts	5,000	To Net Profit	20,000				<b>35,000</b>		<b>35,000</b>	Apply	CMBB02.12				
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12.	<p><b>Prepare a comparative income statement for the year ending 31-03-2007 from the following income statement:</b></p> <table border="1" data-bbox="284 247 1068 856"> <thead> <tr> <th>Particulars</th> <th>2006 Amount Rs.</th> <th>2007 Amount Rs.</th> </tr> </thead> <tbody> <tr> <td>Net Sales</td> <td>45,000</td> <td>40,000</td> </tr> <tr> <td>Less: Cost of goods sold</td> <td>35,500</td> <td>31,250</td> </tr> <tr> <td>Gross profit</td> <td>9,500</td> <td>8,750</td> </tr> <tr> <td>Less: Operating Expenses</td> <td>6,200</td> <td>5,450</td> </tr> <tr> <td>Add: Operating incomes</td> <td>2,000</td> <td>3,000</td> </tr> <tr> <td>Net profit before tax(PBT)</td> <td>5,300</td> <td>6,300</td> </tr> <tr> <td>Less: Tax @ 50%</td> <td>2,650</td> <td>3,150</td> </tr> <tr> <td>To Net profit after tax (PAT)</td> <td>2,650</td> <td>3,150</td> </tr> </tbody> </table>	Particulars	2006 Amount Rs.	2007 Amount Rs.	Net Sales	45,000	40,000	Less: Cost of goods sold	35,500	31,250	Gross profit	9,500	8,750	Less: Operating Expenses	6,200	5,450	Add: Operating incomes	2,000	3,000	Net profit before tax(PBT)	5,300	6,300	Less: Tax @ 50%	2,650	3,150	To Net profit after tax (PAT)	2,650	3,150	Apply	CMBB02.11
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14.	<p>Prepare common size balance sheet for the year ended 31-12-2010 from the following balance sheet:</p> <p style="text-align: center;"><b>Balance Sheet of M/s. XYZ Ltd as on 31<sup>st</sup> March, 2003.</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Liabilities</th> <th style="width: 15%;">Amount (Rs.)</th> <th style="width: 25%;">Assets</th> <th style="width: 35%;">Amount(Rs.)</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td>1,65,000</td> <td>Fixed Assets</td> <td>1,55,000</td> </tr> <tr> <td>Reserves &amp; Surplus</td> <td>22,000</td> <td>Closing Stock</td> <td>17,000</td> </tr> <tr> <td>Loans (long term)</td> <td>58,000</td> <td>Trade Debtors</td> <td>30,000</td> </tr> <tr> <td>Outstanding expenses</td> <td>20,000</td> <td>Prepaid expenses</td> <td>60,000</td> </tr> <tr> <td></td> <td></td> <td>Other current assets</td> <td>5,000</td> </tr> <tr> <td>Trade Creditors</td> <td>10,000</td> <td>Cash –in-hand</td> <td>8,000</td> </tr> <tr> <td></td> <td>2,75,000</td> <td></td> <td>2,75,000</td> </tr> </tbody> </table>	Liabilities	Amount (Rs.)	Assets	Amount(Rs.)	Capital	1,65,000	Fixed Assets	1,55,000	Reserves & Surplus	22,000	Closing Stock	17,000	Loans (long term)	58,000	Trade Debtors	30,000	Outstanding expenses	20,000	Prepaid expenses	60,000			Other current assets	5,000	Trade Creditors	10,000	Cash –in-hand	8,000		2,75,000		2,75,000	Apply	CMBB02.11										
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15.	<p>Prepare comparative balance sheet of XYZ Ltd., for the year ended 31<sup>st</sup> December 2012 from the following balance sheets:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Liabilities</th> <th style="width: 10%;">2011 (Rs.)</th> <th style="width: 10%;">2012 (Rs.)</th> <th style="width: 20%;">Assets</th> <th style="width: 10%;">2011 (Rs.)</th> <th style="width: 10%;">2012 (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td>70,000</td> <td>60,000</td> <td>Building</td> <td>50,000</td> <td>45,000</td> </tr> <tr> <td>Creditors</td> <td>35,000</td> <td>25,000</td> <td>Investments (Long term)</td> <td>6,000</td> <td>3,000</td> </tr> <tr> <td>Bank Loan</td> <td>25,000</td> <td>15,000</td> <td>Stock</td> <td>25,000</td> <td>18,500</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Sundry Debtors</td> <td>29,000</td> <td>13,500</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Loans &amp; Advances</td> <td>15,000</td> <td>15,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Cash</td> <td>5,000</td> <td>5,000</td> </tr> </tbody> </table>	Liabilities	2011 (Rs.)	2012 (Rs.)	Assets	2011 (Rs.)	2012 (Rs.)	Capital	70,000	60,000	Building	50,000	45,000	Creditors	35,000	25,000	Investments (Long term)	6,000	3,000	Bank Loan	25,000	15,000	Stock	25,000	18,500				Sundry Debtors	29,000	13,500				Loans & Advances	15,000	15,000				Cash	5,000	5,000	Apply	CMBB02.11
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16.	<p><b>Calculate</b> the following liquidity ratios from the following balance sheet.</p> <p>(i) Current ratio (ii) Quick ratio (iii) Absolute liquidity ratio:</p> <p>Balance Sheet of XYZ &amp; Co for the year ended 31-12-2013</p> <table border="1" data-bbox="284 325 1071 924"> <thead> <tr> <th>Liabilities</th> <th>Amount (Rs.)</th> <th>Assets</th> <th>Amount(Rs.)</th> </tr> </thead> <tbody> <tr> <td>Equity share capital</td> <td>11,00,000</td> <td>Goodwill</td> <td>6,00,000</td> </tr> <tr> <td>6% Preference Share Capital</td> <td>7,00,000</td> <td>Plant &amp; Machinery</td> <td>8,00,000</td> </tr> <tr> <td>General Reserve</td> <td>3,00,000</td> <td>Land &amp; Building</td> <td>9,00,000</td> </tr> <tr> <td>P&amp;L A/c</td> <td>5,00,000</td> <td>Furniture</td> <td>2,00,000</td> </tr> <tr> <td>12% Debentures</td> <td>7,00,000</td> <td>Inventory</td> <td>2,00,000</td> </tr> <tr> <td>Creditors</td> <td>3,80,000</td> <td>Bills Receivables</td> <td>1,00,000</td> </tr> <tr> <td>Bank O.D</td> <td>70,000</td> <td>Debtors</td> <td>8,00,000</td> </tr> <tr> <td>Bills Payable</td> <td>1,24,000</td> <td>Bank Balance</td> <td>3,00,000</td> </tr> <tr> <td>Provision for Taxation</td> <td>76,000</td> <td>Marketable Securities</td> <td>50,000</td> </tr> <tr> <td></td> <td><b>39,50,000</b></td> <td></td> <td><b>39,50,000</b></td> </tr> </tbody> </table>	Liabilities	Amount (Rs.)	Assets	Amount(Rs.)	Equity share capital	11,00,000	Goodwill	6,00,000	6% Preference Share Capital	7,00,000	Plant & Machinery	8,00,000	General Reserve	3,00,000	Land & Building	9,00,000	P&L A/c	5,00,000	Furniture	2,00,000	12% Debentures	7,00,000	Inventory	2,00,000	Creditors	3,80,000	Bills Receivables	1,00,000	Bank O.D	70,000	Debtors	8,00,000	Bills Payable	1,24,000	Bank Balance	3,00,000	Provision for Taxation	76,000	Marketable Securities	50,000		<b>39,50,000</b>		<b>39,50,000</b>	Apply	CMBB02.12
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**Prepared by:**  
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**HOD, MBA**