



# INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)  
Dundigal, Hyderabad-500043

## ELECTRONICS AND COMMUNICATION ENGINEERING

### TUTORIAL QUESTION BANK

<b>Course Title</b>	<b>BUSINESS ECONOMICS AND FINANCIAL ANALYSIS</b>				
<b>Course Code</b>	AHS015				
<b>Programme</b>	B.Tech				
<b>Semester</b>	V	CSE   IT   ECE   EEE   ME   CE			
<b>Course Type</b>	Core				
<b>Regulation</b>	<b>IARE - R16</b>				
<b>Course Structure</b>	<b>Theory</b>			<b>Practical</b>	
	<b>Lectures</b>	<b>Tutorials</b>	<b>Credits</b>	<b>Laboratory</b>	<b>Credits</b>
	2	1	3	-	-
<b>Chief Coordinator</b>	Ms. B. Tulasi Bai, Assistant Professor, MBA				
<b>Course Faculty</b>	Dr. E. Sunitha, Associate Professor, MBA Dr. T. Vara Lakshmi, Associate Professor, MBA Mr. M.R.S. Surya Narayana Reddy, Assistant Professor, MBA Ms. I. Sireesha, Assistant Professor, MBA Ms. K. Lakshmi Revathi, Assistant Professor, MBA Ms S. Lakshmi, Assistant Professor, MBA Ms G. Joseph Mary, Assistant Professor, MBA Ms. B. Tulasi Bai, Assistant Professor, MBA				

#### **COURSE OBJECTIVES:**

<b>The course should enable the students to:</b>	
I	Understand the market dynamics namely demand elasticity of demand and pricing in different market structures.
II	Analyze how capital budgeting decisions are carried out for selecting the best investment proposal.
III	Learn how organizations make important investment and financing decisions.
IV	Analyze a company's financial statements and come to a reasoned conclusion about the financial situation of the company.
V	Acquire the basics of how to analyze and interpret the financial statements through ratio analysis.

**COURSE OUTCOMES (COs):**

CO 1	Understand microeconomic factors in related to demand analysis and its forecasting
CO 2	Apply the theory of production function and Cost concepts to determine the Break Even Analysis.
CO 3	Remember different market structures, pricing strategies and different forms business organization
CO 4	Determine the investment decisions of organizations by applying capital budgeting methods and Strategies
CO 5	Interpret the financial statement by using Fundamental accounting concepts and Ratio analysis.

**COURSE LEARNING OUTCOMES (CLOs):**

AHS015.01	Describe the economic activities performed by the businessmen in the business for profit earning.
AHS015.02	Understand the significance of demand, its analysis, measurement of demand and its forecasting.
AHS015.03	Write the production function through Different Combination of variable inputs with Economies of Scale
AHS015.04	Analyze the Different cost concepts and determine the significance of Break Even Analysis
AHS015.05	Design and implement different structures of market covering how price is determined under different market structures
AHS015.06	Analyze different forms of business organizations existing in the modern business.
AHS015.07	Describe the allocation and sources of capital which plays a vital role in a business organization.
AHS015.08	Demonstrate the concept of capital budgeting and allocations of the resources through capital budgeting methods
AHS015.09	Interpret the financial position of business by applying accounting concepts and conventions.
AHS015.10	Apply the ratio Analysis to assess the operating efficiency and profitability of business.

## TUTORIAL QUESTION BANK

UNIT- I				
INTRODUCTION AND DEMAND ANALYSIS				
Part - A (Short Answer Questions)				
S No	QUESTIONS	Blooms Taxonomy Level	Course Outcomes	Course Learning Outcomes (CLOs)
1	Define Economics.	Remember	CO 1	AHS015.01
2	What is the meaning of inelasticity?	Understand	CO 1	AHS015.02
3	Write a short note on Macro Economics	Remember	CO 1	AHS015.01
4	State the Normative Statement.	Remember	CO 1	AHS015.01
5	Define demand.	Remember	CO 1	AHS015.02
6	Write short note on perfectly Price Inelastic Demand.	Remember	CO 1	AHS015.02
7	Discuss about the Geffen's Paradox.	Remember	CO 1	AHS015.02
8	Define Business Economics.	Remember	CO 1	AHS015.02
9	Write short notes on Unit Price Elasticity of Demand	Remember	CO 1	AHS015.01
10	Write short note on cross elasticity of demand.	Remember	CO 1	AHS015.02
11	State Negative Income Elasticity.	Remember	CO 1	AHS015.02
12	State Income Elasticity is greater than unity.	Remember	CO 1	AHS015.01
13	State the Law of Demand	Understand	CO 1	AHS015.02
14	State the meaning of Exceptional Demand Curve	Understand	CO 1	AHS015.02
15	List out the exceptions of Law of Demand	Remember	CO 1	AHS015.01
16	What is the meaning Of Veblen or Demonstration effect?	Understand	CO 1	AHS015.02
17	Write Cross Elasticity of Demand in case of Substitutes	Understand	CO 1	AHS015.02
18	List out the factors affecting demand forecasting.	Remember	CO 1	AHS015.02
19	Write Cross Elasticity of Demand in case of Complimentary goods	Understand	CO 1	AHS015.02
20	Define Elasticity of Demand	Remember	CO 1	AHS015.02
Part - B (Long Answer Questions)				
1	Explain the nature of Demand. What could be the different variations in the nature of demand?	Remember	CO 1	AHS015.02
2	Differentiate extension in demand and increase in demand. Illustrate.	Understand	CO 1	AHS015.02
3	Explain the nature of problems studies in managerial economics. What is the importance of the study of such problems in business management?	Remember	CO 1	AHS015.02
4	"The Law of Diminishing Marginal utility is the basis for the law of Demand." Explain this statement.	Understand	CO 1	AHS015.02
5	Explain how point elasticity is more focused than arc elasticity. Illustrate	Remember	CO 1	AHS015.01
6	What do you understand by 'demand forecasting'? Explain different methods of demand forecasting.	Understand	CO 1	AHS015.02
7	Evaluate survey based demand forecasting methods with appropriate examples.	Remember	CO 1	AHS015.01
8	What is the purpose of forecasting? Discuss the factors involved in demand forecasting.	Understand	CO 1	AHS015.02
9	What is demand forecasting? Why is it of critical importance of the business?	Remember	CO 1	AHS015.01
10	How does demand forecasting methods for new products vary from those for established products?	Understand	CO 1	AHS015.02
11	Define Managerial economics? Discuss the nature and scope of managerial economics.	Understand	CO 1	AHS015.01

12	“Managerial economics bridges the gap between economic theory and business practice,” Discuss.	Understand	CO 1	AHS015.02
13	Why is demand analysis essential for successful production planning and capital expansion?	Remember	CO 1	AHS015.01
14	Define law of Demand? What are its exceptions? Explain.	Understand	CO 1	AHS015.01
15	Explain the nature of Demand. What could be the different variations in the nature of demand?	Understand	CO 1	AHS015.02
16	Why is demand analysis essential for successful production planning and capital expansion?	Understand	CO 1	AHS015.01
17	What do you understand by elasticity of demand? Explain the factors governing it.	Understand	CO 1	AHS015.01
18	Explain how you measure elasticity of demand. Illustrate. How do you interpret the different types of elasticity?	Understand	CO 1	AHS015.02
19	Briefly explain the exceptions and assumptions of Law of Demand.	Understand	CO 1	AHS015.03
20	Managerial Economics is the study of allocation of resources available to a firm or other unit of management among the activities of that unit explain?	Understand	CO 1	AHS015.03

**Part - C (Problem Solving and Critical Thinking Questions)**

1	Explain how managerial economics has its roots in Economics and Management. Does it have any links with other subjects? Support your answer.	Understand	CO 1	AHS015.01
2	Explain why consumption precedes production? Explain how the consumption laws help the producer to formulate his production process.	Understand	CO 1	AHS015.01
3	“The purpose of managerial economics is to show economic analysis can be used in formulating business policies,”-Joel Dean. Comment on the statement	Understand	CO 1	AHS015.02
4	Explain why consumption precedes production? Explain how the consumption laws help the producer to formulate his production pattern.	Remember	CO 1	AHS015.01
5	‘Statistical and mathematical techniques complicate the process of demand forecasting.’ Do you agree? Support your answer.	Understand	CO 1	AHS015.01
6	Is it necessary to accurately estimate the future demand for a product? How can you measure future demand in respect of service?	Understand	CO 1	AHS015.02
7	Why is demand analysis essential for successful production planning and capital expansion?	Remember	CO 1	AHS015.01
8	How would you explain the phenomenon that people tend to buy more of the commodity when its price goes up?	Understand	CO 1	AHS015.01
9	Discuss the basic differences between demand forecasting, demand estimation and demand planning.	Understand	CO 1	AHS015.02
10	What are the problems faced in determining the demand for a durable good? Illustrate with example of demand for house hold refrigerator or television set.	Remember	CO 1	AHS015.02

**UNIT- II**

**PRODUCTION AND COST ANALYSIS**

**Part - A (Short Answer Questions)**

S No	QUESTIONS	Blooms Taxonomy Level	Course Outcomes	Course Learning Outcomes (CLOs)
1	Write few lines about Break Even Point.	Remember	CO 2	AHS015.03
2	What do you understand and about Iso- Cost.	Understand	CO 2	AHS015.03
3	Write few lines about Iso- Quant.	Remember	CO 2	AHS015.04

4	Expand MRTS.	Remember	CO 2	AHS015.03
5	State the meaning of Margin of Safety.	Understand	CO 2	AHS015.03
6	Write a note on opportunity cost	Remember	CO 2	AHS015.04
7	Write Differences between explicit and implicit costs.	Remember	CO 2	AHS015.03
8	Define Profit and Volume Ratio.	Remember	CO 2	AHS015.03
9	Write short note on Angle of Incidence	Understand	CO 2	AHS015.03
10	What are the assumptions of BEA?	Remember	CO 2	AHS015.04
11	Write short notes on Production function.	Remember	CO 2	AHS015.03
12	State the meaning of Margin of Safety Ratio.	Understand	CO 2	AHS015.03
13	List out the assumptions of Break-Even Analysis.	Remember	CO 2	AHS015.04
14	State the exceptions of law of diminishing marginal utility.	Remember	CO 2	AHS015.03
15	List out the Internal Economies of scale.	Understand	CO 2	AHS015.03
16	List out the External Economies of scale.	Remember	CO 2	AHS015.04
17	Write the formula for Contribution.	Remember	CO 2	AHS015.03
18	State the formula for Margin of Safety.	Understand	CO 2	AHS015.03
19	Write the formula for P/V Ratio.	Remember	CO 2	AHS015.04
20	State the formula for Break-Even Point ( in value)	Remember	CO 2	AHS015.03
21	Write the formula for Break-Even Point ( in units)	Understand	CO 2	AHS015.03
22	Write any features of production function	Remember	CO 2	AHS015.04
23	Write the formula for estimated sales at a desired profit.	Remember	CO 2	AHS015.03
24	Explain the Commercial Economies	Understand	CO 2	AHS015.03
25	Discuss Financial Economies	Remember	CO 2	AHS015.04
26	Discuss Technical Economies	Remember	CO 2	AHS015.03
27	Write a short note on the Marketing Economies	Understand	CO 2	AHS015.03
28	Write a short note on the Economies of Concentration	Remember	CO 2	AHS015.04
29	Mention few line on the Economies of Welfare	Remember	CO 2	AHS015.03
Part - B (Long Answer Questions)				
1	Describe Economies of Scale explain different types of External Economies and Internal Economies.	Remember	CO 2	AHS015.04
2	Discuss the significance of Break-Even Analysis. State the assumptions and limitations of Break Even Analysis.	Remember	CO 2	AHS015.03
3	Define Production function. How can a producer find it usefulness? Illustrate.	Understand	CO 2	AHS015.03
4	Explain about the Cobb-Douglas Production Function.	Remember	CO 2	AHS015.04
5	Explain the input output relationship or production function?	Remember	CO 2	AHS015.03
6	Describe production function with one variable inputs and two variable inputs and law of returns?	Understand	CO 2	AHS015.03
7	What is Iso- Quant? Discuss in detail about the features of an Iso- Quant.	Remember	CO 2	AHS015.04
8	What do you understand about Iso costs MRTS Least cost combination of inputs	Remember	CO 2	AHS015.03
9	What is meant by Cost? Explain in detail about the concept and nature of cost?	Understand	CO 2	AHS015.03
10	Define Break-Even analysis? Briefly explain the significance of Break-Even Analysis and write its limitations.	Remember	CO 2	AHS015.04

11	State the assumptions in Break -even analysis. Explain how Break –even analysis is used by the manager in their day-to-day operations?	Remember	CO 2	AHS015.03																
12	Compute ( i)P/V Ratio (ii) Break Even Point in Value ( iii) Sales required to earn a profit of Rs.4,50,000 and (iv) Profit when Sales are Rs.21,60,000 from the following given table:	Understand	CO 2	AHS015.03																
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Fixed Expenditure</td> <td>90,000</td> </tr> <tr> <td>Variable Cost Per unit :</td> <td></td> </tr> <tr> <td>    Direct Material</td> <td>5</td> </tr> <tr> <td>    Direct Labour</td> <td>2</td> </tr> <tr> <td>    Direct Overheads</td> <td>100% of Direct Labour</td> </tr> <tr> <td>Selling price per unit</td> <td>12</td> </tr> </tbody> </table>	Particulars	Amount (Rs.)	Fixed Expenditure	90,000	Variable Cost Per unit :		Direct Material	5	Direct Labour	2	Direct Overheads	100% of Direct Labour	Selling price per unit	12					
Particulars	Amount (Rs.)																			
Fixed Expenditure	90,000																			
Variable Cost Per unit :																				
Direct Material	5																			
Direct Labour	2																			
Direct Overheads	100% of Direct Labour																			
Selling price per unit	12																			
13	Determine i)P/V Ratio (ii) Break Even Point in Value ( iii) Sales required to earn a profit of Rs.12,500 and (iv) Profit when Sales are Rs.2,50,000 from the following given table:	Remember	CO 2	AHS015.04																
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Fixed Expenditure</td> <td>50,000</td> </tr> <tr> <td>Variable Cost Per unit :</td> <td></td> </tr> <tr> <td>    Direct Material</td> <td>10</td> </tr> <tr> <td>    Direct Labour</td> <td>5</td> </tr> <tr> <td>    Direct Overheads</td> <td>60% of Direct Labour</td> </tr> <tr> <td>Selling price per unit</td> <td>25</td> </tr> <tr> <td>Trade Discount</td> <td>4%</td> </tr> </tbody> </table>	Particulars	Amount (Rs.)	Fixed Expenditure	50,000	Variable Cost Per unit :		Direct Material	10	Direct Labour	5	Direct Overheads	60% of Direct Labour	Selling price per unit	25	Trade Discount	4%			
Particulars	Amount (Rs.)																			
Fixed Expenditure	50,000																			
Variable Cost Per unit :																				
Direct Material	10																			
Direct Labour	5																			
Direct Overheads	60% of Direct Labour																			
Selling price per unit	25																			
Trade Discount	4%																			
14	The following data are available from the records of a company	Remember	CO 2	AHS015.03																
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>60,000</td> </tr> <tr> <td>Variable cost</td> <td>.30,000</td> </tr> <tr> <td>Fixed Cost</td> <td>15,000</td> </tr> </tbody> </table> <p>You are required to</p> <p>i) Compute the P/V Ratio, Break-Even Point and Margin of Safety at this level.</p> <p>ii) Compute the above with the effect of 10% increase in selling price.</p> <p>iii) Compute the above with the effect of 10% decrease in selling price.</p>	Particulars	Amount (Rs.)	Sales	60,000	Variable cost	.30,000	Fixed Cost	15,000											
Particulars	Amount (Rs.)																			
Sales	60,000																			
Variable cost	.30,000																			
Fixed Cost	15,000																			
15	The Sales Turnover and profit during two years were given in the table as follows:	Understand	CO 2	AHS015.03																
	<table border="1"> <thead> <tr> <th>Years</th> <th>2001</th> <th>2002</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td>7,00,000</td> <td>9,00,000</td> </tr> <tr> <td>Profit (Rs.)</td> <td>-10,000</td> <td>10,000</td> </tr> </tbody> </table> <p>You are required to Compute the following:</p> <p>P/V Ratio ii) Fixed Cost iii) Break Even Point in Value and Units iv) Sales required to earn a profit of Rs.40,000v) Profit when Sales are Rs.12,00,000.The Selling Price per unit can be assumed at Rs.100</p>	Years	2001	2002	Sales (Rs.)	7,00,000	9,00,000	Profit (Rs.)	-10,000	10,000										
Years	2001	2002																		
Sales (Rs.)	7,00,000	9,00,000																		
Profit (Rs.)	-10,000	10,000																		
16	The Sales Turnover and profit during two years were given in the table as below:	Remember	CO 2	AHS015.04																
	<table border="1"> <thead> <tr> <th>Years</th> <th>2005</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td>38,000</td> <td>65,000</td> </tr> <tr> <td>Profit / Loss (Rs.)</td> <td>-2,400</td> <td>3,000</td> </tr> </tbody> </table>	Years	2005	2006	Sales (Rs.)	38,000	65,000	Profit / Loss (Rs.)	-2,400	3,000										
Years	2005	2006																		
Sales (Rs.)	38,000	65,000																		
Profit / Loss (Rs.)	-2,400	3,000																		

	<p>Compute the (i)P/V Ratio (ii) Fixed Cost (iii) Break Even Point (Value) &amp; Units (iv) Sales required to earn a profit of Rs.5,000 (v) Profit when Sales are Rs.46,000. The Selling Price per unit can be assumed at Rs.10.</p>																		
17	<p>The Sales Turnover and profit during two years were given in the Table as follows:</p> <table border="1"> <thead> <tr> <th>Years</th> <th>2003</th> <th>2004</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td>1,00,000</td> <td>1,20,000</td> </tr> <tr> <td>Profit (Rs.)</td> <td>15,000</td> <td>23,000</td> </tr> </tbody> </table> <p>Compute the (i)P/V Ratio (ii) Fixed Cost (iii) Break Even Point (Value) (iv) Sales required to earn a profit of Rs.20,000 (v) Profit when Sales are Rs.1,25,000</p>	Years	2003	2004	Sales (Rs.)	1,00,000	1,20,000	Profit (Rs.)	15,000	23,000	Remember	CO 2	AHS015.03						
Years	2003	2004																	
Sales (Rs.)	1,00,000	1,20,000																	
Profit (Rs.)	15,000	23,000																	
18	<p>The Sales Turnover and profit during two years were given in the table as follows:</p> <table border="1"> <thead> <tr> <th>Years</th> <th>2003</th> <th>2004</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td>1,40,000</td> <td>1,60,000</td> </tr> <tr> <td>Profit (Rs.)</td> <td>15,000</td> <td>20,000</td> </tr> </tbody> </table> <p>You are required to Compute the following: i) Break Even Point (Value) ii) Sales required to earn a profit of Rs.40,000 iii) Profit when Sales are Rs.1,20,000.</p>	Years	2003	2004	Sales (Rs.)	1,40,000	1,60,000	Profit (Rs.)	15,000	20,000	Understand	CO 2	AHS015.03						
Years	2003	2004																	
Sales (Rs.)	1,40,000	1,60,000																	
Profit (Rs.)	15,000	20,000																	
19	<p>You are given the following information about two companies in the table for 2010.</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Company- X (Rs.)</th> <th>Company-Y (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>50,00,000</td> <td>50,00,000</td> </tr> <tr> <td>Variable cost</td> <td>35,00,000</td> <td>30,00,000</td> </tr> <tr> <td>Fixed cost</td> <td>12,00,000</td> <td>17,00,000</td> </tr> <tr> <td>Profit</td> <td>3,00,000</td> <td>3,00,000</td> </tr> </tbody> </table> <p>You are required to show that i) P/V Ratio ii) B.E.P iii) Margin of Safety iv) MOS Ratio v) Profit at Desired Sales of Rs.80,00,000 vi) Sales at a profit of Rs.1,50,000 for each company from the above information.</p>	Particulars	Company- X (Rs.)	Company-Y (Rs.)	Sales	50,00,000	50,00,000	Variable cost	35,00,000	30,00,000	Fixed cost	12,00,000	17,00,000	Profit	3,00,000	3,00,000	Remember	CO 2	AHS015.04
Particulars	Company- X (Rs.)	Company-Y (Rs.)																	
Sales	50,00,000	50,00,000																	
Variable cost	35,00,000	30,00,000																	
Fixed cost	12,00,000	17,00,000																	
Profit	3,00,000	3,00,000																	
20	<p>You are given the following information about two companies given in the table for the year 2000.</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Company- A (Rs.)</th> <th>Company-B (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>3,00,000</td> <td>3,00,000</td> </tr> <tr> <td>Variable cost</td> <td>2,40,000</td> <td>2,00,000</td> </tr> <tr> <td>Fixed cost</td> <td>30,000</td> <td>70,000</td> </tr> <tr> <td>Profit</td> <td>30,000</td> <td>30,000</td> </tr> </tbody> </table> <p>You are required to show that i) P/V Ratio ii) B.E.P iii) Margin of Safety iv) MOS Ratio v) Profit at Desired Sales of Rs.80,00,000 vi) Sales at a profit of Rs.1,50,000 for each company from the above information.</p>	Particulars	Company- A (Rs.)	Company-B (Rs.)	Sales	3,00,000	3,00,000	Variable cost	2,40,000	2,00,000	Fixed cost	30,000	70,000	Profit	30,000	30,000	Remember	CO 2	AHS015.03
Particulars	Company- A (Rs.)	Company-B (Rs.)																	
Sales	3,00,000	3,00,000																	
Variable cost	2,40,000	2,00,000																	
Fixed cost	30,000	70,000																	
Profit	30,000	30,000																	
<b>Part - C (Problem Solving and Critical Thinking Questions)</b>																			
1	Describe production function with one variable inputs and two variable inputs and law of returns?	Understand	CO 2	AHS015.03															
2	What is Iso- Quant? Discuss in detail about the features of an Iso- Quant.	Remember	CO 2	AHS015.04															

3	What do you understand about Iso costs MRTS Least cost combination of inputs	Remember	CO 2	AHS015.03															
4	The Sales Turnover and profit during two years were given in the Table as follows:	Remember	CO 2	AHS015.03															
	<table border="1"> <thead> <tr> <th>Years</th> <th>2003</th> <th>2004</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td>1,00,000</td> <td>1,20,000</td> </tr> <tr> <td>Profit (Rs.)</td> <td>15,000</td> <td>23,000</td> </tr> </tbody> </table>				Years	2003	2004	Sales (Rs.)	1,00,000	1,20,000	Profit (Rs.)	15,000	23,000						
	Years				2003	2004													
	Sales (Rs.)				1,00,000	1,20,000													
Profit (Rs.)	15,000	23,000																	
Compute the (i)P/V Ratio (ii) Fixed Cost (iii) Break Even Point (Value) (iv) Sales required to earn a profit of Rs.20,000 (v) Profit when Sales are Rs.1,25,000																			
5	The Sales Turnover and profit during two years were given in the table as follows:	Understand	CO 2	AHS015.03															
	<table border="1"> <thead> <tr> <th>Years</th> <th>2003</th> <th>2004</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td>1,40,000</td> <td>1,60,000</td> </tr> <tr> <td>Profit (Rs.)</td> <td>15,000</td> <td>20,000</td> </tr> </tbody> </table>				Years	2003	2004	Sales (Rs.)	1,40,000	1,60,000	Profit (Rs.)	15,000	20,000						
	Years				2003	2004													
	Sales (Rs.)				1,40,000	1,60,000													
Profit (Rs.)	15,000	20,000																	
You are required to Compute the following: i)Break Even Point (Value) ii) Sales required to earn a profit of Rs.40,000 iii) Profit when Sales are Rs.1,20,000.																			
6	You are given the following information about two companies in the table for 2010.	Remember	CO 2	AHS015.04															
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Company- X (Rs.)</th> <th>Company-Y (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>50,00,000</td> <td>50,00,000</td> </tr> <tr> <td>Variable cost</td> <td>35,00,000</td> <td>30,00,000</td> </tr> <tr> <td>Fixed cost</td> <td>12,00,000</td> <td>17,00,000</td> </tr> <tr> <td>Profit</td> <td>3,00,000</td> <td>3,00,000</td> </tr> </tbody> </table>				Particulars	Company- X (Rs.)	Company-Y (Rs.)	Sales	50,00,000	50,00,000	Variable cost	35,00,000	30,00,000	Fixed cost	12,00,000	17,00,000	Profit	3,00,000	3,00,000
	Particulars				Company- X (Rs.)	Company-Y (Rs.)													
	Sales				50,00,000	50,00,000													
	Variable cost				35,00,000	30,00,000													
	Fixed cost				12,00,000	17,00,000													
Profit	3,00,000	3,00,000																	
You are required to show that i) P/V Ratio ii) B.E.P iii) Margin of Safety iv) MOS Ratio v) Profit at Desired Sales of Rs.80,00,000 vi) Sales at a profit of Rs.1,50,000 for each company from the above information.																			

### UNIT- III

## MARKETS AND NEW ECONOMIC ENVIRONMENT

### Part - A (Short Answer Questions)

S No	QUESTIONS	Blooms Taxonomy Level	Course Outcomes	Course Learning Outcomes (CLOs)
1	Define market? Write few lines on Market Structure.	Remember	CO 3	AHS015.05
2	What do you understand about Product differentiation?	Understand	CO 3	AHS015.05
3	Write a short note on Perfect competition	Remember	CO 3	AHS015.05
4	List out the features of Perfect Market.	Understand	CO 3	AHS015.05
5	What is meant by Monopolistic competition?	Understand	CO 3	AHS015.05
6	Define on Monopoly Competition.	Understand	CO 3	AHS015.06
7	Differentiate between Perfect market and Imperfect market.	Understand	CO 3	AHS015.05
8	Write about Duopoly with examples?	Understand	CO 3	AHS015.05
9	Define Oligopoly with suitable examples.	Remember	CO 3	AHS015.05



10	What is meant by Total revenue, Average revenue and Marginal Revenue?	Remember	CO 3	AHS015.06
11	List out the features of sole trader.	Remember	CO 3	AHS015.06
12	What is meant by Partnership business?	Remember	CO 3	AHS015.06
13	Differentiate between Sole trader and partnership?	Understand	CO 3	AHS015.06
14	List out different kinds of Partners.	Understand	CO 3	AHS015.05
15	Mention any three merits and demerits of Partnership.	Remember	CO 3	AHS015.06
16	Write a short note on Partner by Estoppel	Understand	CO 3	AHS015.05
17	Define Joint Stock Company.	Understand	CO 3	AHS015.06
18	State the meaning of unlimited Liability.	Remember	CO 3	AHS015.06
19	Define market? Write few lines on Market Structure.	Understand	CO 3	AHS015.06
20	What do you understand about Product differentiation?	Remember	CO 3	AHS015.06
21	Write any two differences between Public Company and Private company.	Understand	CO 3	AHS015.06
22	Define Company. List out the features of company.	Understand	CO 3	AHS015.06
23	Define Public Enterprise. Write any two problems of Public Enterprise.	Remember	CO 3	AHS015.06
<b>Part - B (Long Answer Questions)</b>				
1	Explain how a firm attains equilibrium in the short run and in the long run under conditions of perfect competition	Understand	CO 3	AHS015.05
2	Define monopoly. How is price under monopoly determined?	Remember	CO 3	AHS015.05
3	Explain the role of time factor in the determination of price. Also explain price-O/P determination in case of perfect competition	Understand	CO 3	AHS015.05
4	Explain the following with the help of the table and diagram under perfect competition and monopoly	Remember	CO 3	AHS015.05
5	Distinguish between perfect & imperfect markets..And What are the different market situations in imperfect competition.	Understand	CO 3	AHS015.05
6	“Perfect competition results in larger O/P with lower price than a monopoly” Discuss.	Remember	CO 3	AHS015.05
7	Compare between monopoly and perfect competition.	Understand	CO 3	AHS015.05
8	Explain the following (a) Monopoly (B) Duopoly (c) Oligopoly (d) imperfect competition.	Remember	CO 3	AHS015.05
9	What is a market? Explain, in brief, the different market structures	Understand	CO 3	AHS015.05
10	Monopoly is disappearing from markets. Do you agree with this statement? Do you advocate for monopoly to continue in market situations	Remember	CO 3	AHS015.05
11	Define a joint stock company & explain its basic features, advantages & disadvantages.	Understand	CO 3	AHS015.05
12	Write short notes on (a) Sole trader (b) Stationery corporation	Understand	CO 3	AHS015.05
13	Explain in basic features of Government Company from of public enterprise	Remember	CO 3	AHS015.05
14	What do you mean by sole proprietorship? Explain its meant and limitations	Remember	CO 3	AHS015.06
15	Define partnership from of business. Explain its salient features	Understand	CO 3	AHS015.05
16	Explain the following features of (a) public company (b) Government Company (c) Private Company.	Understand	CO 3	AHS015.05
17	What is the need of public enterprises? Explain the recent achievement of public enterprises	Remember	CO 3	AHS015.05
18	What is a partnership deed? Discuss the main contents partnership deed	Remember	CO 3	AHS015.06

19	Explain in basic features of Government Company from of public enterprise.	Understand	CO 3	AHS015.05
20	Write short note on (a) Departmental undertaking (b) articles of association	Understand	CO 3	AHS015.05
21	Small is beautiful'. Do you think, this is the reason for the survival of the sole trader from of business organization? Support your answer with suitable examples	Remember	CO 3	AHS015.05
22	What are the factors governing choice of form of business organization.	Remember	CO 3	AHS015.06

**Part - C (Problem Solving and Critical Thinking Questions)**

1	Discuss Various Macro-level Factors of Economic Environment in India.	Understand	CO 3	AHS015.05
2	Explain briefly any three impacts of these concepts on Indian business and industry	Understand	CO 3	AHS015.05
3	People are becoming more conscious about health and fitness. This indicates the government's attitude towards this business. Identify the business environment under three different dimensions	Remember	CO 3	AHS015.05
4	Illustrate the features, merits and demerits of Joint Stock Company.	Remember	CO 3	AHS015.06
5	The Government is also showing a positive attitude towards the business of water purification. Identify the different dimensions of business environment	Understand	CO 3	AHSB12.05
6	The Government of India is seriously thinking of allowing the oil-marketing public sector undertaking to fix their own prices for petrol and diesel. Which economic reform is the reason for this change in the government's policy?	Understand	CO 3	AHS015.05
7	List any through two values that the government seeks to promote through demonetisation	Understand	CO 3	AHS015.05
8	Identify and explain the dimensions of business environment	Understand	CO 3	AHS015.05
9	List any two values which the Government of India wants to convey through this initiative.	Understand	CO 3	AHS015.05
10	Define the term 'Business Environment'. Explain the terms 'Threats' and 'Opportunities'	Remember	CO 3	AHS015.05

**UNIT- IV**

**CAPITAL BUDGETING**

**Part - A (Short Answer Questions)**

S No	QUESTIONS	Blooms Taxonomy Level	Course Outcomes	Course Learning Outcomes (CLOs)
1	Write short note on the features of fixed capital.	Understand	CO 4	AHS015.07
2	Sketch the significance of capital.	Understand	CO 4	AHS015.07
3	Write about the components of working capital.	Remember	CO 4	AHS015.07
4	What is meant by working capital cycle.	Remember	CO 4	AHS015.07
5	What do you understand by Debt Factoring.	Remember	CO 4	AHS015.07
6	Write different types of shares.	Understand	CO 4	AHS015.07
7	Write a short note on commercial paper.	Remember	CO 4	AHS015.07
8	Write a formula for Pay- back period	Remember	CO 4	AHS015.07
9	Write a formula for Average Rate of Return	Understand	CO 4	AHS015.07
10	Write a formula for Net Present Value	Understand	CO 4	AHS015.07
11	Write a formula for Profitability Index	Remember	CO 4	AHS015.07
12	Write a formula for Internal Rate of Return	Understand	CO 4	AHS015.07

13	Sketch the meaning of payback period.	Understand	CO 4	AHS015.08
14	Write a note on profitability index.	Understand	CO 4	AHS015.08
15	State the meaning of Net Present Value	Understand	CO 4	AHS015.08
16	Define Capital Budgeting	Understand	CO 4	AHS015.08
17	List out the Significance of Capital Budgeting	Understand	CO 4	AHS015.07
18	List out the limitations of Capital Budgeting	Understand	CO 4	AHS015.07
19	List out the factors which are influenced on working capital requirements.	Remember	CO 4	AHS015.07
20	State the meaning Average Rate of Return.	Remember	CO 4	AHS015.07
21	Write short note on fixed capital.	Understand	CO 4	AHS015.07
22	Write short note on Working capital.	Remember	CO 4	AHS015.07
23	State the meaning of capital	Understand	CO 4	AHS015.08
24	What is the meaning of Gross Working Capital	Understand	CO 4	AHS015.07
25	State the meaning of Net Working Capital	Understand	CO 4	AHS015.07
26	Write examples for Fixed Assets	Understand	CO 4	AHS015.08
27	Write the examples for Current Assets	Understand	CO 4	AHS015.07
28	Write few lines on Equity Share	Understand	CO 4	AHS015.07
29	What do you understand by Preference Share	Remember	CO 4	AHS015.08
30	Write about the meaning of Debenture	Remember	CO 4	AHS015.07
<b>Part - B (Long Answer Questions)</b>				
1	Define Capital and different types of capital. Explain its significance.	Remember	CO 4	AHS015.07
2	Discuss the factors which are influenced on working capital requirement.	Understand	CO 4	AHS015.07
3	Explain about sources of capital /finance under long –term finance.	Understand	CO 4	AHS015.07
4	Illustrate the available sources of finance in medium term and short term	Understand	CO 4	AHS015.07
5	Write about Pay-back Period. Describe the advantages and disadvantages of Pay-back Period.	Remember	CO 4	AHS015.07
6	State the ARR Method and advantages and disadvantages of ARR Method.	Understand	CO 4	AHS015.07
7	Illustrate the NPV method. with advantages and disadvantages .	Understand	CO 4	AHS015.08
8	Write the advantages and disadvantages of IRR Method.	Understand	CO 4	AHS015.08
9	Explain the advantages and disadvantages of Profitability Index Method.	Understand	CO 4	AHS015.08
10	Define Capital Budgeting. Illustrate the significance and limitations of Capital Budgeting.	Understand	CO 4	AHS015.08
11	The cost of a project is Rs.50,000 and annual cash inflows for the next five years are given as follows: 1 <sup>st</sup> year Rs.25,000 2 <sup>nd</sup> year Rs.25,000 3 <sup>rd</sup> year Rs.25,000 4 <sup>th</sup> year Rs.25,000 5 <sup>th</sup> year Rs.25,000 Total <u>125,000</u> What is the pay-back period for the project?	Understand	CO 4	AHS015.07
12	There are two projects X and Y. Each project requires an investment of Rs.20,000. You are required to Rank these two projects according to pay-back period method from the following information:	Remember	CO 4	AHS015.07

	<p>Net Profits Before Depreciation and After Tax (NPBDAT) for Two projects were given below:</p> <table border="1"> <thead> <tr> <th>Years</th> <th>Project-X (Rs.)</th> <th>Project-Y (Rs.)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1,000</td> <td>2,000</td> </tr> <tr> <td>2</td> <td>2,000</td> <td>4,000</td> </tr> <tr> <td>3</td> <td>4,000</td> <td>6,000</td> </tr> <tr> <td>4</td> <td>5,000</td> <td>8,000</td> </tr> <tr> <td>5</td> <td>8,000</td> <td>Nil</td> </tr> </tbody> </table>	Years	Project-X (Rs.)	Project-Y (Rs.)	1	1,000	2,000	2	2,000	4,000	3	4,000	6,000	4	5,000	8,000	5	8,000	Nil										
Years	Project-X (Rs.)	Project-Y (Rs.)																											
1	1,000	2,000																											
2	2,000	4,000																											
3	4,000	6,000																											
4	5,000	8,000																											
5	8,000	Nil																											
13	<p>A firm is considering two projects each with an initial investment of Rs.20,000 and a life of 4 years. The following is the list of estimated cash inflows after taxes and depreciation.</p> <table border="1"> <thead> <tr> <th>Years</th> <th>Proposal -I</th> <th>Proposal-II</th> <th>Proposal-III</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>12,500</td> <td>11,750</td> <td>13,500</td> </tr> <tr> <td>2</td> <td>12,500</td> <td>12,250</td> <td>12,500</td> </tr> <tr> <td>3</td> <td>12,500</td> <td>12,500</td> <td>12,250</td> </tr> <tr> <td>4</td> <td>12,500</td> <td>13,500</td> <td>11,750</td> </tr> <tr> <td>Total</td> <td>50,000</td> <td>50,000</td> <td>50,000</td> </tr> </tbody> </table> <p>Predict Accounting Rate of Return on            (i) Average Capital            (ii) Original Capital Employed.</p>	Years	Proposal -I	Proposal-II	Proposal-III	1	12,500	11,750	13,500	2	12,500	12,250	12,500	3	12,500	12,500	12,250	4	12,500	13,500	11,750	Total	50,000	50,000	50,000	Understand	CO 4	AHS015.07	
Years	Proposal -I	Proposal-II	Proposal-III																										
1	12,500	11,750	13,500																										
2	12,500	12,250	12,500																										
3	12,500	12,500	12,250																										
4	12,500	13,500	11,750																										
Total	50,000	50,000	50,000																										
14	<p>Company has an investment opportunity costing Rs.50,000 with the following expected net cash flows after taxes and before depreciation.</p> <table border="1"> <thead> <tr> <th>Years</th> <th>Net Cash Flows (Rs.)</th> <th>P.V. of Rs.1 @10% D.f</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>20,000</td> <td>0.909</td> </tr> <tr> <td>2</td> <td>15,000</td> <td>0.826</td> </tr> <tr> <td>3</td> <td>25,000</td> <td>0.751</td> </tr> <tr> <td>4</td> <td>10,000</td> <td>0.683</td> </tr> </tbody> </table> <p>Using 10% as the cost of capital determine            (i) Pay-back Period            (ii) Net Present Value @10% D.f. and            (iii) Profitability Index @10% D.f.</p> <table border="1"> <thead> <tr> <th>Years</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> </tr> </thead> <tbody> <tr> <td>P.V. of Rs.1 @10% D.f</td> <td>0.90</td> <td>0.826</td> <td>0.751</td> <td>0.683</td> </tr> </tbody> </table>	Years	Net Cash Flows (Rs.)	P.V. of Rs.1 @10% D.f	1	20,000	0.909	2	15,000	0.826	3	25,000	0.751	4	10,000	0.683	Years	1	2	3	4	P.V. of Rs.1 @10% D.f	0.90	0.826	0.751	0.683	Understand	CO 4	AHS015.08
Years	Net Cash Flows (Rs.)	P.V. of Rs.1 @10% D.f																											
1	20,000	0.909																											
2	15,000	0.826																											
3	25,000	0.751																											
4	10,000	0.683																											
Years	1	2	3	4																									
P.V. of Rs.1 @10% D.f	0.90	0.826	0.751	0.683																									
15	<p>A project involves initial outlay of Rs. 1,29,600. Its working life is expected to be 3 years. The cash inflows are likely to be as follows: year1 Rs.64,000 ; Year 2 Rs.56,000 and Year 3 Rs.24,000. Compute the internal rate of return.</p>	Understand	CO 4	AHS015.08																									
16	<p>A Company has an estimated Life of 4 years and an investment opportunity costing Rs.2,50,000 with the following expected Net Cash flow After Taxes and Before Depreciation.</p> <table border="1"> <thead> <tr> <th>Years</th> <th>Net Cash Flows (Rs.)</th> <th>P.V. of Rs.1 @24% D.f</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1,20,000</td> <td>0.806</td> </tr> </tbody> </table>	Years	Net Cash Flows (Rs.)	P.V. of Rs.1 @24% D.f	1	1,20,000	0.806	Understand	CO 4	AHS015.08																			
Years	Net Cash Flows (Rs.)	P.V. of Rs.1 @24% D.f																											
1	1,20,000	0.806																											

	<table border="1"> <tbody> <tr> <td>2</td> <td>90,000</td> <td>0.650</td> </tr> <tr> <td>3</td> <td>1,60,000</td> <td>0.524</td> </tr> <tr> <td>4</td> <td>30,000</td> <td>0.423</td> </tr> </tbody> </table> <p>Using 24% as the cost of capital predict the following:            (i) Net Present Value @24% D.f. (ii) Profitability Index @24% D.f.            (iii) Pay-back Period</p>	2	90,000	0.650	3	1,60,000	0.524	4	30,000	0.423																																						
2	90,000	0.650																																														
3	1,60,000	0.524																																														
4	30,000	0.423																																														
17	<p>A Firm has many projects. It wants to earn at least 6% per annum on this project with the following cash flows. Find out NPV of the project. Do you recommend?</p> <table border="1"> <thead> <tr> <th>Year end</th> <th>Cash inflow</th> <th>Cash outflow</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>-</td> <td>1,00,000</td> </tr> <tr> <td>1</td> <td>-</td> <td>20,000</td> </tr> <tr> <td>2</td> <td>30,000</td> <td>-</td> </tr> <tr> <td>3</td> <td>40,000</td> <td>-</td> </tr> <tr> <td>4</td> <td>40,000</td> <td>-</td> </tr> <tr> <td>5</td> <td>40,000</td> <td>-</td> </tr> <tr> <td>6</td> <td>50,000</td> <td>-</td> </tr> </tbody> </table>	Year end	Cash inflow	Cash outflow	0	-	1,00,000	1	-	20,000	2	30,000	-	3	40,000	-	4	40,000	-	5	40,000	-	6	50,000	-	Understand	CO 4	AHS015.08																				
Year end	Cash inflow	Cash outflow																																														
0	-	1,00,000																																														
1	-	20,000																																														
2	30,000	-																																														
3	40,000	-																																														
4	40,000	-																																														
5	40,000	-																																														
6	50,000	-																																														
18	<p>A project requires an investment of Rs.1,44,000 and is expected to generate cash inflows of Rs.54,000, Rs.63,000, Rs.72,000, Rs.63,000 and Rs.54,000 per annum for the next 5 years. Compute (i) IRR with the help of 31% and 32% D.f.</p> <table border="1"> <thead> <tr> <th>Years</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>P.V. Factor @31%</td> <td>0.763</td> <td>0.583</td> <td>0.445</td> <td>0.340</td> <td>0.259</td> </tr> <tr> <td>P.V. Factor @32%</td> <td>0.758</td> <td>0.574</td> <td>0.435</td> <td>0.329</td> <td>0.250</td> </tr> </tbody> </table>	Years	1	2	3	4	5	P.V. Factor @31%	0.763	0.583	0.445	0.340	0.259	P.V. Factor @32%	0.758	0.574	0.435	0.329	0.250	Understand	CO 4	AHS015.07																										
Years	1	2	3	4	5																																											
P.V. Factor @31%	0.763	0.583	0.445	0.340	0.259																																											
P.V. Factor @32%	0.758	0.574	0.435	0.329	0.250																																											
19	<p>A Company has an investment opportunity costing Rs.40,000 with the following expected net cash flow after taxes and before depreciation.</p> <table border="1"> <thead> <tr> <th>Years</th> <th>Net Cash Flows (Rs.)</th> <th>P.V. of Rs.1 @10% D.f</th> <th>P.V. of Rs.1 @15% D.f</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>7,000</td> <td>0.909</td> <td>0.870</td> </tr> <tr> <td>2</td> <td>7,000</td> <td>0.826</td> <td>0.756</td> </tr> <tr> <td>3</td> <td>7,000</td> <td>0.751</td> <td>0.658</td> </tr> <tr> <td>4</td> <td>7,000</td> <td>0.683</td> <td>0.572</td> </tr> <tr> <td>5</td> <td>7,000</td> <td>0.621</td> <td>0.497</td> </tr> <tr> <td>6</td> <td>8,000</td> <td>0.564</td> <td>0.432</td> </tr> <tr> <td>7</td> <td>10,000</td> <td>0.513</td> <td>0.376</td> </tr> <tr> <td>8</td> <td>15,000</td> <td>0.467</td> <td>0.327</td> </tr> <tr> <td>9</td> <td>10,000</td> <td>0.424</td> <td>0.284</td> </tr> <tr> <td>10</td> <td>4,000</td> <td>0.386</td> <td>0.247</td> </tr> </tbody> </table> <p>Using 10% as the cost of capital, Compute i) Pay-back period. (ii) Net Present Value @10% D.f. and 15% D.f. (iii) Profitability Index @10% D.f. and (iv) IRR with the help of 10% and 15% D.f.</p>	Years	Net Cash Flows (Rs.)	P.V. of Rs.1 @10% D.f	P.V. of Rs.1 @15% D.f	1	7,000	0.909	0.870	2	7,000	0.826	0.756	3	7,000	0.751	0.658	4	7,000	0.683	0.572	5	7,000	0.621	0.497	6	8,000	0.564	0.432	7	10,000	0.513	0.376	8	15,000	0.467	0.327	9	10,000	0.424	0.284	10	4,000	0.386	0.247	Remember	CO 4	AHS015.07
Years	Net Cash Flows (Rs.)	P.V. of Rs.1 @10% D.f	P.V. of Rs.1 @15% D.f																																													
1	7,000	0.909	0.870																																													
2	7,000	0.826	0.756																																													
3	7,000	0.751	0.658																																													
4	7,000	0.683	0.572																																													
5	7,000	0.621	0.497																																													
6	8,000	0.564	0.432																																													
7	10,000	0.513	0.376																																													
8	15,000	0.467	0.327																																													
9	10,000	0.424	0.284																																													
10	4,000	0.386	0.247																																													
20	<p>From the following particulars of three proposals each costing Rs.2,50,000 each, rank the proposals under each of the following methods:</p>	Understand	CO 4	AHS015.07																																												

	<p>a. Pay back period  b. Average rate of return method  c. Internal rate of return method  d. Net present value method  e. Profitability index method</p> <p>It is further given that the tax rate is 50 percent; depreciation is calculated on straight line method; scrap value is zero; life time of each of the asset is three years and the company is particular about a yield of 12 percent per annum.</p> <p><b>Cash flows after taxes plus depreciation</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Proposal</th> <th style="width: 15%;">Proposal I</th> <th style="width: 15%;">Proposal II</th> <th style="width: 15%;">Proposal III</th> </tr> </thead> <tbody> <tr> <td><b>Year 1</b></td> <td>90,000</td> <td>1,60,000</td> <td>1,20,000</td> </tr> <tr> <td><b>Year 2</b></td> <td>1,60,000</td> <td>1,20,000</td> <td>90,000</td> </tr> <tr> <td><b>Year 3</b></td> <td>1,20,000</td> <td>90,000</td> <td>1,60,000</td> </tr> <tr> <td><b>Year 4</b></td> <td>70,000</td> <td>50,000</td> <td>30,000</td> </tr> </tbody> </table>	Proposal	Proposal I	Proposal II	Proposal III	<b>Year 1</b>	90,000	1,60,000	1,20,000	<b>Year 2</b>	1,60,000	1,20,000	90,000	<b>Year 3</b>	1,20,000	90,000	1,60,000	<b>Year 4</b>	70,000	50,000	30,000		
Proposal	Proposal I	Proposal II	Proposal III																				
<b>Year 1</b>	90,000	1,60,000	1,20,000																				
<b>Year 2</b>	1,60,000	1,20,000	90,000																				
<b>Year 3</b>	1,20,000	90,000	1,60,000																				
<b>Year 4</b>	70,000	50,000	30,000																				

**Part - C (Problem Solving and Critical Thinking Questions)**

1	Give various examples of capital budgeting decisions classify them into specific kinds.	Understand	CO 4	AHS015.08
2	What is the importance of capital budgeting? Explain the basic steps involved in evaluating capital budgeting proposals.	Understand	CO 4	AHS015.08
3	What is NPV & IRR Compare and contrast the two methods of evaluating capital budgeting proposals.	Understand	CO 4	AHS015.08
4	What are major sources of short-term finance?	Understand	CO 4	AHS015.07
5	What is meant by discounting and time value of money? How is it useful in capital budgeting?	Remember	CO 4	AHS015.07
6	Give various examples of capital budgeting decisions classify them into specific kinds.	Understand	CO 4	AHS015.07
7	What is the importance of capital budgeting? Explain the basic steps involved in evaluating capital budgeting proposals.	Understand	CO 4	AHS015.08
8	What is NPV & IRR Compare and contrast the two methods of evaluating capital budgeting proposals.	Understand	CO 4	AHS015.08
9	What are major sources of short-term finance?	Understand	CO 4	AHS015.08
10	What is meant by discounting and time value of money? How is it useful in capital budgeting?	Understand	CO 4	AHS015.08

**UNIT- V**

**INTRODUCTION TO FINANCIAL ACCOUNTING AND FINANCIAL ANALYSIS**

**Part - A (Short Answer Questions)**

S No	QUESTIONS	Blooms Taxonomy Level	Course Outcomes	Course Learning Outcomes (CLOs)
1	Define Financial Accounting.	Remember	CO 5	AHS015.09

2	Discuss the meaning of Journal Proper.	Understand	CO 5	AHS015.09
3	List out different types of Accounting Concepts.	Remember	CO 5	AHS015.09
4	Write the meaning of Double Entry System.	Understand	CO 5	AHS015.09
5	State the meaning of purchase book	Remember	CO 5	AHS015.09
6	Define subsidiary books	Remember	CO 5	AHS015.09
7	Identify the meaning of trial balance.	Understand	CO 5	AHS015.09
8	State the errors of principle	Remember	CO 5	AHS015.09
9	Write few lines of Errors of Omission	Understand	CO 5	AHS015.09
10	Write a note on provisions for doubtful debts.	Understand	CO 5	AHS015.09
11	State the Meaning of Revenue Receipt	Remember	CO 5	AHS015.09
12	Write the meaning of Contra Entry.	Understand	CO 5	AHS015.09
13	Illustrate the meaning of ledger account.	Understand	CO 5	AHS015.09
14	Write the meaning of Capital Expenditure.	Understand	CO 5	AHS015.09
15	List out different types of Accounting Conventions.	Remember	CO 5	AHS015.09
16	Write a short note on current ratio?	Understand	CO 5	AHS015.09
17	Identify the formula for Operating ratio.	Understand	CO 5	AHS015.09
18	Write the formula for Debt Equity Ratio?	Remember	CO 5	AHS015.09
19	Indicate the limitations of ratio analysis.	Remember	CO 5	AHS015.09
20	What is the meaning Return on Capital Employed?	Understand	CO 5	AHS015.09
21	Indicate the formula for debt collection period?	Understand	CO 5	AHS015.09
22	Define Ratio Analysis.	Remember	CO 5	AHS015.09
23	State the meaning of Price-Earnings Ratio.	Remember	CO 5	AHS015.09
24	Write the meaning of Earnings per share.?	Remember	CO 5	AHS015.09
25	Mention two types of capital structure ratios.	Understand	CO 5	AHS015.09
26	Identify different types of Activity Ratios.	Understand	CO 5	AHS015.09
27	State the meaning of Interest Coverage Ratio.	Remember	CO 5	AHS015.09
28	Write the meaning and computing procedure of Return on Capital Employed.	Understand	CO 5	AHS015.09
29	Identify the formulas for liquidity ratios.	Understand	CO 5	AHS015.09
30	What is the formula for Interest Coverage Ratio?	Understand	CO 5	AHS015.09

**Part - B (Long Answer Questions)**

1	Define Financial Accounting. Explain the importance and Limitations of Financial Accounting.	Remember	CO 5	AHS015.09
2	Define Account. Illustrate different types and principles of Accounts (Rules of Debit and Credit).	Understand	CO 5	AHS015.09
3	Define Double Entry System. Describe the advantages and Disadvantages of Double Entry System.	Understand	CO 5	AHS015.09
4	List out different types of Accounting Concepts and Conventions.	Understand	CO 5	AHS015.09
5	Discuss the importance of Balance Sheet. Draw the Performa of Balance sheet & Major involvements	Understand	CO 5	AHS015.09
6	State the advantages of the Journal. and Illustrate the importance of the Ledger.	Remember	CO 5	AHS015.09
7	Write the significance of Trial Balance. Sketch different methods of preparing Trial Balance.	Understand	CO 5	AHS015.09

8	Explain the importance of Trading Account. Illustrate the significance of Profit & Loss Account.	Understand	CO 5	AHS015.09
9	Draw the Performa of Trading account, Profit & loss account, Balance sheet & Major involvements	Understand	CO 5	AHS015.09
10	What is Double Entry System? Describe the advantages and Disadvantages of Double Entry System.	Remember	CO 5	AHS015.09
11	Draw the Performa of Trading account, Profit & loss account, Balance sheet & Major involvements	Remember	CO 5	AHS015.10
12	Explain with examples how you would use ratio analysis to understand financial statements?	Understand	CO 5	AHS015.09
13	Explain with examples how you would use ratio analysis to understand financial statements?	Remember	CO 5	AHS015.09
14	Discuss different types of Liquidity Ratios. Explain different types of Capital Structure Ratios.	Understand	CO 5	AHS015.10
15	State different types of Activity Ratios. Express different types of Profitability Ratios.	Remember	CO 5	AHS015.09
16	Write formulas for of Liquidity Ratios. State the formulas for Activity Ratios.	Understand	CO 5	AHS015.09
17	Define Ratio Analysis. Describe the advantages/ significance and limitations of Ratio Analysis	Remember	CO 5	AHS015.10
18	Explain with examples how you would use ratio analysis to understand financial statements?	Understand	CO 5	AHS015.09
19	Explain the accounting cycle with examples in detail?	Understand	CO 5	AHS015.10
20	Draw the difference between capital expenditure and capital receipt	Understand	CO 5	AHS015.09

**Part – C (Problem Solving and Critical Thinking)**

1	<p>Write Journal Entries in the books of Mr. Sukumar from the following transactions</p> <p>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  Jan 9<sup>th</sup> Building sold to Venkat Rs.50,000  Jan 31<sup>st</sup> Furniture purchased from Kishore Rs.5,000</p>	Analyze	CO 5	AHS015.09
2	<p>Write Journal Entries in the books of Mr. Bhavani Sankar from the following transactions 2002, Jan. 1<sup>st</sup> Business commenced with Rs.15,000</p> <p>Jan. 2<sup>nd</sup> . Cash paid into bank Rs.10,000  Jan. 3<sup>rd</sup> .Sold goods for cash Rs.7,000  Jan. 4<sup>th</sup> . Purchased goods from Vijay Rs.3,000  Jan. 5<sup>th</sup> . Machinery Purchased for Rs.5,000</p>	Analyze	CO 5	AHS015.09



	<p>Jan.30<sup>th</sup> Rent paid Rs.2,000  Jan 31<sup>st</sup> Depreciation charged on Machinery Rs.3,000  Jan 31<sup>st</sup> Depreciation charged on Furniture Rs.500</p>			
3	<p>Write Journal Entries in the books of Mr.Kiran from the following transactions  2013, May 1<sup>st</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 15<sup>th</sup> Repairs Paid on Buildings Rs.15,000  May 16<sup>th</sup> Rent received for Rs.6,000</p>	Analyze	CO 5	AHS015.10
4	<p>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.50,000, Cheque Rs.30,000, Furniture Rs.20,000 and Stock Rs.20,000  Jan 8<sup>th</sup> Goods sold to Arjun on credit for Rs.3,500  Jan 9<sup>th</sup> Goods returned from Arjun Rs.500  Jan 10<sup>th</sup> Arjun settled his account with amount of Rs.2,900  Jan 11<sup>th</sup> Goods taken by proprietor for his personal use Rs.5,000  Jan 12<sup>th</sup> Cash taken by proprietor for his domestic use Rs.2,000  Jan 31<sup>st</sup> Telephone purchased for Domestic use Rs.10,000  Jan31st Rent Paid for personal use Rs.5,000</p>	Analyze	CO 5	AHS015.09
5	<p>Write Journal Entries from the following in the books of Mr.Praveen.  2009, Dec 1<sup>st</sup> Business stated with cash Rs.50,000, Stock Rs.30,000, Furniture Rs.10,000 and Machinery Rs.20,000.  Dec 2<sup>nd</sup> Telephone charges paid in cash Rs.5,000  Dec 3<sup>rd</sup> Transport charges paid by cheque Rs.3,000  Dec 4<sup>th</sup> Advertisements charges paid to Naga Raju Rs. 4,000  Dec 5<sup>th</sup> Dividend received from Ashok company Pvt.Ltd. Rs.2,000  Dec 6<sup>th</sup> Furniture purchased for personal use Rs.5,000  Dec 7<sup>th</sup> Rent paid to Landlord Ramana for Rs.8,000</p>	Analyze	CO 5	AHS015.10
6	<p>Write Journal Entries from the following in the books of Mr.Prasad  2010, Dec 1<sup>st</sup> Machinery purchased for Rs.15,000  Dec 9<sup>th</sup> Building purchased for 1,00,000  Dec 10<sup>th</sup> Computer purchased by cheque for Personal use Rs.20,000  Dec 11<sup>th</sup> Investments sold for Rs.25,000  Dec 12<sup>th</sup> Sale of Machinery for Rs.30,000  Dec 13<sup>th</sup> Sale of Furniture for Rs.10,000  Dec 14<sup>th</sup> Sale of Building for cash Rs.1,50,000  Dec 31<sup>st</sup> Computer Sold by cheque Rs.15,000</p>	Analyze	CO 5	AHS015.09

7	Write Journal Entries in the books of Gopal from the following: 2008, May 1 <sup>st</sup> Business started with Rs.60,000 May 2 <sup>nd</sup> Sale of Typewriter for Rs.1,000 May 3 <sup>rd</sup> Salaries paid to staff by cheque Rs.5,000 May 4 <sup>th</sup> Wages paid to Labour for Rs.15,000. May 5 <sup>th</sup> Rent paid to Landlord Raja Rao Rs.8,000 May 6 <sup>th</sup> Interest received from Rajani Rs.2,000 May 7 <sup>th</sup> Commission received from Kamala Rs.3,000	Analyze	CO 5	AHS015.09
8	Record the following transactions in the books of Krishna Mohan. 2007, June 1 <sup>st</sup> Business started with cash Rs.25,000 and Cheque Rs.20,000 .June 2 <sup>nd</sup> Interest paid for Rs.5,000 June 3 <sup>rd</sup> Commission paid by cheque Rs.2,000 June 4 <sup>th</sup> Salaries paid for Rs.5,000 June 5 <sup>th</sup> Machinery purchased for Rs.6,000 June 6 <sup>th</sup> Rent received for Rs.20,000	Analyze	CO 5	AHS015.10
9	Record /consider the following transactions in the books of Mr.Kiran. 2009, July 1 <sup>st</sup> Business started with cash Rs.50,000 July 2 <sup>nd</sup> Cash deposited into Bank Rs.20,000 July 3 <sup>rd</sup> Cash Withdrawn from Bank Rs.10,000 July 4 <sup>th</sup> Cash taken from bank for personal use Rs.5,000 July 5 <sup>th</sup> Cash Paid to Mohan Rs.15,000 July 6 <sup>th</sup> Cash received from Amar Rs.8,000 July 7 <sup>th</sup> Cheque received from Bharat Rs.2,000	Analyze	CO 5	AHS015.09
10	Record the following transactions in the books of Mr.Bharat Kumar 2010, July 1 <sup>st</sup> Cheque Issued to Charan Rs.7,000 July 9 <sup>th</sup> Machinery Purchased on cash Rs.12,000 July 10 <sup>th</sup> Furniture sold for cash Rs.8,000 July 11 <sup>th</sup> Salaries paid Rs.15,000 July 12 <sup>th</sup> Rent received Rs.5,000 July 28 <sup>th</sup> Rent paid to Landlord Rama Rao Rs.13,000 July 29 <sup>th</sup> Commission received from Sujatha Rs.10,000 July 30 <sup>th</sup> Goods purchased from Krishna on cash Rs.20,000 July 31 <sup>st</sup> Goods sold to Gopal for cash Rs.30,00 July 31 <sup>st</sup> Wages paid by cheque Rs.50,000	Analyze	CO 5	AHS015.09
11	Prepare Trial Balance of Mr.Ravikumar as on 31.12.2005 from the following balances:                      Rs. Rs. 1. Capital                      32,000                      16. Creditors                      12,500 2. Machinery                      30,000                      17. Returns Outwards(P/R)                      2,000 3. Opening Stock                      16,000                      18. Returns Inwards (S/R)                      3,600 4. Wages                      50,000                      19. Drawings                      2,000 5. Carriage inwards                      500                      20. Discount Allowed                      750 6. Salaries                      5,000                      21. Discount Received                      250 7. Factory Rent                      2,400                      22. Office Expenses                      1,000 8. Repairs                      400                      23. Manufacturing Exp.                      600 9. Fuel & Power                      2,500                      24. Bills Payable                      6,500 10. Buildings                      40,000                      25. Bills Receivable                      5,000 11. Sundry Debtors                      20,000                      26. Cash in Hand                      2,400	Analyze	CO 5	AHS015.09

	12. Sales 2,03,600 13. Purchases 1,22,000 14. Bank O.D 2,000 15. Suspense A/c (Cr) 59,300	27. Cash at Bank 15,400 28. Office Rent 1,800			
12	Prepare <b>Trial Balance</b> 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.		Analyze	CO 5	AHS015.09
13	Prepare <b>Trial Balance</b> 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.		Analyze	CO 5	AHS015.10
14	Prepare Trial Balance of Mr.Rajaram as on 31.12.2005 from the following balances: Rs. 1. Sundry Debtors 32,000 2. Cash in Hand 35 3. Plant & Machinery 17,500 4. Trade expenses 1,075 5. Salaries 2,225 6. Rent 900 7. Purchases 2,18,870 8. Capital 79,500		Rs. 9. Stock as on 1.1.2005 22,000 10. Cash at Bank 1,545 11. Sundry Creditors 10,650 12. Sales 2,34,500 13. Carriage Outwards 400 14. Bills Payable 7,500 15. Discount Allowed 1,100 16. Business Premises 34,500	Analyze	CO 5 AHS015.09
15	You are required to show that Trial Balance as on 31.12.1998 from the following Information: (1) Land & Buildings Rs.2,750 (3) Stock on 1.1.1998 Rs.4,173 (5) Purchases Rs.12,733 (7) Bad Debts Rs.225 (9) Debtors Rs.5,445 (11) Discount Received Rs.763 (13) Furniture Rs.192 (15) General Expenses Rs.1,338 (17) Rent & Rates Rs.188		(2) Plant & Machinery Rs.1,332 (4) Sales Rs.20,783 (6) Carriage inwards Rs.478 (8) Wages Rs.1,227 (10) Creditors Rs.2,429 (12) Discount Allowed Rs.824 (14) Capital Rs.10,659 (16) Cash at Bank Rs.1,874 (18) Drawings Rs.1,855.	Analyze	CO 5 AHS015.09
16	Prepare Trading and Profit & Loss A/c and Balance Sheet of Mr. Mukharjee as at 31-12-1998 from the following Trial Balance		Analyze	CO 5	AHS015.10
	<b>Debit Balances</b>	<b>Rs.</b>	<b>Credit Balances</b>	<b>Rs.</b>	

Drawings	12,000	Sales	2,80,800
Purchases	1,80,000	Discount	3,000
Salaries	18,000	Received	4,000
Rent & Taxes	6,800	Commission	40,000
Travelling	1,600	Sundry	10,000
Expenses	75,000	Creditors	1,00,000
Opening Stock	28,400	Loan	
Machinery	12,000	Capital	
Furniture	50,500		
Sundry Debtors	2,200		
Cash in Hand	10,400		
Cash at Bank	2,500		
Office Expenses	30,000		
Wages	4,000		
Freight & Carriage	800		
inwards	1,600		
Insurance	2,000		
Discount Allowed			
Returns Inwards	<b>4,37,800</b>		<b>4,37,800</b>
(S/R)			

**Adjustments:**

1) Closing stock Rs.68,500

17	Prepare Trading and Profit & Loss A/c of Mr. Rama Raju for the year ending 31-3-2007 from the following Trial Balance	Analyze	CO 5	AHS015.10																																																																																						
	<table border="1"> <thead> <tr> <th>Debit Balances</th> <th>Rs.</th> <th>Credit Balances</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Drawings</td> <td>18,00</td> <td>Sales</td> <td>41,460</td> </tr> <tr> <td>Purchases</td> <td>0</td> <td>Returns</td> <td>420</td> </tr> <tr> <td>Insurance</td> <td>21,20</td> <td>Outwards</td> <td>240</td> </tr> <tr> <td>Rent</td> <td>0</td> <td>Interest</td> <td>4,120</td> </tr> <tr> <td>Postage</td> <td>2,200</td> <td>Creditors</td> <td>3,000</td> </tr> <tr> <td>Opening Stock</td> <td>600</td> <td>Loan</td> <td>12,000</td> </tr> <tr> <td>Building</td> <td>300</td> <td>Capital</td> <td>2,700</td> </tr> <tr> <td>Furniture</td> <td>3,100</td> <td></td> <td></td> </tr> <tr> <td>Debtors</td> <td>1,700</td> <td>Suspense A/c</td> <td></td> </tr> <tr> <td>Cash in Hand</td> <td>1,000</td> <td>(Cr)</td> <td></td> </tr> <tr> <td>Stationery</td> <td>6,000</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td>1,300</td> <td></td> <td></td> </tr> <tr> <td>Freight &amp; Carriage</td> <td>240</td> <td></td> <td></td> </tr> <tr> <td>inwards</td> <td>5,200</td> <td></td> <td></td> </tr> <tr> <td>Miscellaneous Expenses</td> <td>560</td> <td></td> <td></td> </tr> <tr> <td>Repairs</td> <td>500</td> <td></td> <td></td> </tr> <tr> <td>Bad Debts</td> <td>900</td> <td></td> <td></td> </tr> <tr> <td>Returns Inwards (S/R)</td> <td>120</td> <td></td> <td></td> </tr> <tr> <td></td> <td>1,020</td> <td></td> <td></td> </tr> <tr> <td></td> <td><b>63,94</b></td> <td></td> <td><b>63,940</b></td> </tr> <tr> <td></td> <td>0</td> <td></td> <td></td> </tr> </tbody> </table>	Debit Balances	Rs.	Credit Balances	Rs.	Drawings	18,00	Sales	41,460	Purchases	0	Returns	420	Insurance	21,20	Outwards	240	Rent	0	Interest	4,120	Postage	2,200	Creditors	3,000	Opening Stock	600	Loan	12,000	Building	300	Capital	2,700	Furniture	3,100			Debtors	1,700	Suspense A/c		Cash in Hand	1,000	(Cr)		Stationery	6,000			Wages	1,300			Freight & Carriage	240			inwards	5,200			Miscellaneous Expenses	560			Repairs	500			Bad Debts	900			Returns Inwards (S/R)	120				1,020				<b>63,94</b>		<b>63,940</b>		0			
Debit Balances	Rs.	Credit Balances	Rs.																																																																																							
Drawings	18,00	Sales	41,460																																																																																							
Purchases	0	Returns	420																																																																																							
Insurance	21,20	Outwards	240																																																																																							
Rent	0	Interest	4,120																																																																																							
Postage	2,200	Creditors	3,000																																																																																							
Opening Stock	600	Loan	12,000																																																																																							
Building	300	Capital	2,700																																																																																							
Furniture	3,100																																																																																									
Debtors	1,700	Suspense A/c																																																																																								
Cash in Hand	1,000	(Cr)																																																																																								
Stationery	6,000																																																																																									
Wages	1,300																																																																																									
Freight & Carriage	240																																																																																									
inwards	5,200																																																																																									
Miscellaneous Expenses	560																																																																																									
Repairs	500																																																																																									
Bad Debts	900																																																																																									
Returns Inwards (S/R)	120																																																																																									
	1,020																																																																																									
	<b>63,94</b>		<b>63,940</b>																																																																																							
	0																																																																																									
Adjustments:																																																																																										
(1) Closing stock Rs.2,980																																																																																										
(2) Outstanding Wages Rs.200																																																																																										

	(3) Outstanding Rent Rs.200 (4) Prepaid Insurance Rs.60 (5) Provide 5% for Doubtful Debts on Debtors. (6) Provide 10% Depreciation on Buildings.						
18	From the following Trial Balance and Adjustments, show Trading and Profit & Loss Account for the year ending 31-12-2003 in the books of Mr. Vijay.				Analyze	CO 5	AHS015.10
	Sl. No.	Heads of Accounts	L.F	Debit Balance (Rs.)	Credit Balance (Rs.)		
	1.	Electricity		14,000			
	2.	Discount			22,000		
	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		60,000			
	18.	Bills Payable			15,000		
		TOTAL		12,09,000	12,09,000		
	Adjustment: (1) Closing Stock Rs.25,000						
19	Prepare Trading and Profit & Loss A/c and Balance Sheet of Mr. Mukharjee as at 31-12-1998 from the following Trial Balance				Analyze	CO 5	AHS015.10
	<b>Debit Balances</b>	<b>Rs.</b>	<b>Credit Balances</b>	<b>Rs.</b>			

Drawings	12,000	Sales	2,80,800
Purchases	1,80,000	Discount	3,000
Salaries	18,000	Received	4,000
Rent & Taxes	6,800	Commission	40,000
Travelling	1,600	Sundry	10,000
Expenses	75,000	Creditors	1,00,000
Opening Stock	28,400	Loan	
Machinery	12,000	Capital	
Furniture	50,500		
Sundry Debtors	2,200		
Cash in Hand	10,400		
Cash at Bank	2,500		
Office Expenses	30,000		
Wages	4,000		
Freight &	800		
Carriage inwards	1,600		
Insurance	2,000		
Discount Allowed			
Returns Inwards (S/R)	4,37,800		4,37,800

**Adjustments:**

1. Closing stock Rs.68,500
2. Outstanding Salaries Rs.10,000
3. Prepaid Insurance Rs.500
4. Provide Bad Debts on Debtors Rs.5,000
5. Depreciate Machinery by 10%

20	You are required to compute i) Current Ratio ii) Quick Ratio / Acid Test Ratio iii) Absolute Quick Ratio from the following Balance Sheet.				Analyze	CO 5	AHS015.10
	Liabilities	Amount (Rs.)	Assets	Amount (Rs.)			
	Equity Share Capital	15,00,000	Goodwill	10,00,000			
	6% Preference Share Capital	10,00,000	Plant & Machinery	10,00,000			
	General Reserve	1,00,000	Land & Building	7,00,000			
	Profit & Loss A/c	4,00,000	Furniture	1,00,000			
	12% Debentures	5,00,000	Stock-in-Trade	6,00,000			
	Creditors	1,80,000	Bills Receivables	30,000			
	Bank Overdraft	20,000	Debtors	2,50,000			
	Bills Payable	1,24,000	Bank Balance	2,00,000			
Provision for Taxation	1,76,000	Marketable Securities	1,20,000				
	40,00,000		40,00,000				
21	From the following Trial Balance and Adjustments, show Trading and Profit & Loss Account for the year ending 31-12-2003 and Balance				Analyze	CO 5	AHS015.10

Sheet as on that date in the books of Mr. Vijay.							
Sl. No.	Heads of Accounts	L.F	Debit Balance (Rs.)	Credit Balance (Rs.)			
1.	Electricity		14,000				
2.	Discount			22,000			
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		60,000				
18.	Bills Payable			15,000			
	TOTAL		12,09,000	12,09,000			
Adjustments:							
1. Closing Stock Rs.80,000.							
2. Outstanding Salaries Rs.10,000.							
3. Depreciate Buildings by 10% p.a.							
22	From the following Balance Sheet, You are required to calculate (i) Gross Profit Ratio(ii) Debtors Turnover Ratio(iii) Average Collection Period (iv) Creditors Turnover Ratio (v) Average Payment Period (vi) Stock / Inventory Turnover Ratio				Analyze	CO 5	AHS015.10
	Balance Sheet of M/s. XYZ Ltd as on 31 <sup>st</sup> March, 2003.						
	Liabilities	Amount (Rs.)	Assets	Amount(Rs.)			
	Paid-up Capital	15,00,000	Fixed Assets	16,50,000			
	Reserves & Surplus	6,00,000	Stock-in-Trade /Closing Stock / Inventory	9,10,000			
	Debentures	5,00,000	Book Debts / Trade Debtors	12,40,000			
	Bank Overdraft	2,00,000	Investments (Short-Term)	1,60,000			
	Trade Creditors	12,00,000	Cash –in-hand	40,000			
		40,00,000		40,00,000			
	Other Information:						
1. Annual Credit Sales amounted to Rs. 74,40,000.							
2. Gross Profit Rs. 7,44,000.							
3. Bank Overdraft is payable on demand.							

23	You are required to compute i) Debt Equity Ratio ii) Proprietary Ratio iii) Fixed Assets Ratio iv) Interest Coverage Ratio from the following Balance Sheet.				Analyze	CO 5	AHS015.10
	<b>Liabilities</b>	<b>Amount (Rs.)</b>	<b>Assets</b>	<b>Amount (Rs.)</b>			
	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			
	Surplus (P&L A/c)	4,00,000	Furniture	1,00,000			
	12% Debentures	5,00,000	Stock- in - Trade	6,00,000			
	Creditors	80,000	Bills Receivables	30,000			
	Bank Overdraft	20,000	Debtors	1,50,000			
	Bills Payable	1,24,000	Bank Balance	2,00,000			
	Provision for Taxation	1,76,000	Marketab Securities	20,000			
		<b>29,00,000</b>		<b>29,00,000</b>			
<b>Other Information: Earnings Before Interest and Taxes (EBIT) Rs. 5,00,000</b>							
24	You are required to Compute General Profitability Ratios like (i) Gross Profit Ratio (ii) Net Profit Ratio (iii) Operating Ratio (iv) Operating Profit Ratio from the following Trading and P&L Account				Analyze	CO 5	AHS015.10
	Dr		Cr				
	<b>Particulars</b>	<b>Amount Rs.</b>	<b>Particulars</b>	<b>Amount Rs.</b>			
	To Opening Stock	76,250	By Net Sales	5,00,000			
	To Purchases	3,15,250	By Closing Stock	98,500			
	To Wages	7,000					
	To Gross Profit (B.F) (To be transferred to P&L A/c)	2,00,000					
		<b>5,98,500</b>		<b>5,98,500</b>			
	To Administrative Expenses	1,01,000	By Gross Profit	,00,000			
	To Selling & Distribution Expenses To Non-operating Expenses (Depreciation, Interest and Tax)	12,000 9,000	By Non-operating Income	6,000			



	To Net Profit (B.F) (To be transferred to Capital A/c)	84,000						
		<b>2,06,000</b>			<b>,06,000</b>			
	<b>Other Information:</b>							
	000 Equity Shares Market Price @ Rs.10 each		Rs.1,00,000					
25	You are required to compute i) Current Ratio ii) Quick Ratio / Acid Test Ratio iii) Absolute Quick Ratio from the following Balance Sheet.				Analyze	CO 5	AHS015.10	
	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				
	Profit & Loss A/c	4,00,000	Furniture	1,00,000				
	12% Debentures	5,00,000	Stock- in - Trade	6,00,000				
	Creditors	80,000	Bills Receivables	30,000				
	Bank Overdraft	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				
		29,00,000		29,00,000				
26	From the following Balance Sheet, You are required to predict (1) Debt-Equity Ratio (2) Proprietary Ratio (3) Stock / Inventory Turnover Ratio (4) Average collection Period. (5) Current Ratio (6) Acid-Test Ratio / Quick Ratio.				Analyze	CO 5	AHS015.10	
	Balance Sheet of M/s. XYZ Ltd as on 31 <sup>st</sup> March, 2003.							
	Liabilities	Amount (Rs.)	Assets	Amount(Rs.)				
	Share Capital	1,00,000	Land Buildings	1,25,000				
	Reserves & Surplus	65,000	Plant & Machinery	75,000				
	5% Debentures	1,00,000	Stock / Inventory	50,000				
	Bills Payable	7,000	Book Debts	10,000				
	Sundry Creditors	18,000	Bills Receivable	5,000				
			Cash at Bank	20,000				
			Preliminary Expenses	5,000				
	2,90,000		2,90,000					
Other Information: Sales for the year Rs.6,00,000								

You are required to Compute i) Gross Profit Ratio ii) Net Profit Ratio iii) Operating Ratio iv) Operating Profit Ratio from the following Trading and Profit & Loss Account.				Analyze	CO 5	AHS015.10
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 Administrative Expenses	10,000	By Gross Profit	30,000			
To Selling & Distribution Exp	5,000 20,000	By Sundry Receipt	5,000			
To Net Profit						
	<b>35,000</b>		<b>35,000</b>			

**Prepared By:**

Ms. T Tulasi Bai, Assistant Professor, MBA

**HOD, MBA**

