



# All JNTU World

Get The Most Out Of Imagineering

## OBJECTIVES

The objectives of this course are to impart knowledge and abilities to the students to:

- I. To understand the concepts of managerial economics and financial analysis this helps in optimal Decision making in business environment.
- II. To be familiar with demand concepts, types of methods or techniques of demand those are used by the entrepreneur or producer.
- III. To have a thorough knowledge on the production theories and cost while dealing with the production and factors of production.
- IV. To introduce the concepts of cost and significance, limitation of Break even analysis.
- V. An ability to study the various pricing methods which are adopted in attracting the potential Customers for the different commodities.
- VI. To acquaint the significance of the project management, capital budgeting, estimation of the projects through capital budgeting methods for choosing the best and optimal projects.
- VII. To provide the optimal decisions acquiring the knowledge on financial accounting and management accounting.

S No	QUESTION	Blooms taxonomy level	Course Outcomes
<b>UNIT - I</b>			
<b>INTRODUCTION TO MANAGERIAL ECONOMICS</b>			
<b>Part - A (Short Answer Questions)</b>			
1	Define Economics.	Remember	1
2	Define Managerial Economics.	Remember	1
3	Write a short note on Macro Economics	Analyze	1
4	Write a short note on Micro Economics.	Analyze	1
5	Explain Investment Decision.	Understand	1
6	State the Normative Statement.	Remember	1
7	Define demand.	Remember	2
8	Write short note on perfectly Price Inelastic Demand.	Understand	2
9	Discuss about the Giffen's Paradox.	Understand	2
10	Describe a short note on Relatively Price elastic Demand.	Understand	2
11	Describe Relatively Price Inelastic Demand	Remember	2
12	Define Elasticity of Demand.	Remember	2
13	Write short notes on Unit Price Elasticity of Demand	Understand	2
14	Write short note on perfectly price elastic Demand.	Understand	2

15	Write short note on cross elasticity of demand.	Understand	2
16	State Zero Income Elasticity of Demand	Remember	2
17	State Negative Income Elasticity.	Understand	2
18	State Unit Income Elasticity.	Understand	2
19	State Income Elasticity is greater than unity.	Understand	2
20	Discuss about Elastic Demand	Understand	2
21	Discuss about Inelastic Demand	Understand	2

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

1	Define Managerial Economics. Explain its nature.	Remember	1
2	Define Managerial Economics. Write its scope.	Analyze	1
3	Define Law of Demand. State the assumptions of Law of Demand.	Remember	2
4	Briefly explain the exceptions of Law of Demand.	Understand	2
5	Describe the determinants of Law of Demand.	Understand	2
6	Explain the significance/Importance of Elasticity of Demand.	Remember	2
7	Illustrate different types of Price Elasticity of Demand.	Apply	2
8	Write different types of Income Elasticity of Demand.	Apply	2
9	Identify the factors which are influencing Elasticity of Demand.	Analyze	2
10	Consider different methods of Cross Elasticity of Demand.	Understand	2
11	How to measure Price Elasticity of Demand under Total Expenditure Method? Explain.	Remember	2
12	Write about the Demand Function.	Analyze	2
13	Define Demand Forecasting. Illustrate different methods of Demand Forecasting.	Apply	2
14	Discuss the factors governing Demand Forecasting.	Understand	2
15	Illustrate Survey based Demand Forecasting methods with appropriate examples.	Remember	2

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

1	Explain different types of Price Elasticity of Demand.	Remember	2
2	Explain different types of Income Elasticity of Demand.	Remember	2
3	Write different types of Cross Elasticity of Demand.	Apply	2
4	Write any two methods of Demand Forecasting	Apply	2
5	Explain Investment Decision.	Remember	1
6	Explain Price-output Decision.	Remember	1
7	Explain Input-output Decision.	Remember	1
8	State different types of Income Elasticity.	Understand	2
9	State different types of Price Elasticity.	Understand	2
10	State different types of Cross Elasticity.	Understand	2

**UNIT - II  
PRODUCTION AND COST ANALYSIS**

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

1	Explain the Break Even Point.	Remember	3
2	Discuss about Iso- Cost.	Understand	3
3	Discuss about Iso- Quant.	Remember	3
4	Write short notes on Contribution.	Understand	3
5	State the meaning of Margin of Safety.	Remember	3
6	Write a note on opportunity cost	Analyze	3
7	Write Differences between explicit and implicit costs.	Analyze	3
8	Write short note on Profit and Volume Ratio.	Understand	3
9	Write short note on Angle of Incidence	Understand	3
10	Write the assumptions of BEA.	Analyze	3

11	Write short notes on Contribution.	Understand	3									
12	State the meaning of Margin of Safety Ratio.	Remember	3									
13	List out the assumptions of Break-Even Analysis.	Remember	3									
14	State the exceptions of law of diminishing marginal utility.	Remember	3									
15	List out the external economies of scale.	Remember	3									
16	List out the External Economies of scale.	Remember	3									
17	Write the formula for Contribution.	understand	3									
18	Write the formula for Margin of Safety	Understand	3									
19	Write the formula for P/V Ratio.	Understand	3									
20	Write the formula for Break-Even Point ( in value)	Understand	3									
21	Write the formula for Break-Even Point ( in units)	Understand	3									
22	Write the formula for Margin of Safety Ratio	Understand	3									
23	Write the formula for estimated sales at a desired profit.											
<b>Part - B (Long Answer Questions)</b>												
1	Describe different types of Internal Economies.	Understand	3									
2	Briefly explain different types of External Economies.	Remember	3									
3	Discuss the significance of Break-Even Analysis.	Understand	3									
4	State the assumptions of Break Even Analysis.	Remember	3									
4	State the limitations of Break-Even Analysis.	Remember	3									
5	Define Production function. How can a producer find it usefulness? Illustrate.	Apply	3									
6	State the features of Iso- Quants.	Remember	3									
7	State the features of Iso-Costs.	Remember	3									
8	Briefly Explain about the Cobb-Douglas Production Function.	Understand	3									
9	Briefly Explain the classification of costs	Understand	3									
10	Describe different types of External Economies.	Understand	3									
<b>Part – C (Problem Solving and Critical Thinking)</b>												
1	You are required to Determine 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 information Fixed Expenditure Rs.90,000 <u>Variable Cost Per unit :</u> Direct Material Rs.5 Direct Labour Rs.2 Direct Overheads 100% of Direct Labour Selling price per unit Rs.12.	Apply	3									
2	The following data are available from the records of a company Sales Rs.60,000 Variable cost Rs.30,000 Fixed Cost RS.15,000 You are required to i) Compute the P/V Ratio, Break-Even Point and Margin of Safety at this level. ii) Compute the above with the effect of 10% increase in selling price. iii) Compute the above with the effect of 10% decrease in selling price.	Understand	3									
3	The Sales Turnover and profit during two years were given as follows: <table style="margin-left: 40px;"> <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/Loss (Rs.)</td> <td>- 10,000</td> <td>10,000</td> </tr> </tbody> </table> You are required to Compute the following: i) P/V Ratio ii) Fixed Cost iii) Break Even Point in Value and Units iv) Sales required to earn a profit of Rs.40,000 v) Profit when Sales are Rs.12,00,000. The Selling Price per unit can be assumed at Rs.100	Years	2001	2002	Sales (Rs.)	7,00,000	9,00,000	Profit/Loss (Rs.)	- 10,000	10,000	Remember	3
Years	2001	2002										
Sales (Rs.)	7,00,000	9,00,000										
Profit/Loss (Rs.)	- 10,000	10,000										
4	The Sales Turnover and profit during two years were given as follows: <table style="margin-left: 40px;"> <thead> <tr> <th>Years</th> <th>2005</th> <th>2006</th> </tr> </thead> </table>	Years	2005	2006	Evaluate	3						
Years	2005	2006										

	<p>Sales (Rs.)                    38,000                    65,000  Profit/Loss (Rs.)               - 2,400                    3,000</p> <p>You are required to compute the following:</p> <p>i. P/V Ratio  ii. Fixed Cost  iii. Break Even Point in Value and Units  iv. Sales required to earn a profit of Rs.5,000  v. Profit when Sales are Rs.46,000.</p> <p>The Selling Price per unit can be assumed at Rs.10</p>											
5	<p>The Sales Turnover and profit during two years were given 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>You are required to Compute the following:</p> <p>i)P/V Ratio  ii) Fixed Cost  iii) Break Even Point (Value)  ii) Sales required to earn a profit of Rs.20,000  iii) 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	Understand	3
Years	2003	2004										
Sales (Rs.)	1,00,000	1,20,000										
Profit (Rs.)	15,000	23,000										
6	<p>The Total Sales Turnover and Total Cost during two years were given as follows:</p> <table border="1"> <thead> <tr> <th>Years</th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Total Sales (Rs.)</td> <td>42,500</td> <td>39,200</td> </tr> <tr> <td>Total Cost (Rs.)</td> <td>38,700</td> <td>36,852</td> </tr> </tbody> </table> <p>You are required to Compute the following:</p> <p>i)P/V Ratio  ii) Fixed Cost  iii) Break Even Point (Value)  ii) Sales required to earn a profit of Rs.6,000  iii) Profit when Sales are Rs.47,500</p>	Years	2009	2010	Total Sales (Rs.)	42,500	39,200	Total Cost (Rs.)	38,700	36,852	Apply	3
Years	2009	2010										
Total Sales (Rs.)	42,500	39,200										
Total Cost (Rs.)	38,700	36,852										
7	<p>The Sales Turnover and profit during two years were given 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:</p> <p>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	Evaluate	3
Years	2003	2004										
Sales (Rs.)	1,40,000	1,60,000										
Profit (Rs.)	15,000	20,000										
8	<p>You are given the following information about two companies in 2000.</p> <p><b>Sales</b>  CompanyA:Rs.50,00,000  CompanyB:Rs.50,00,000</p> <p><b>Fixed Expenses</b>  CompanyA:Rs.12,00,000  CompanyB:Rs.17,00,000</p> <p><b>Variable Expenses</b>  CompanyA:Rs.35,00,000  CompanyB:Rs.30,00,000</p> <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>	Remember	3									
<b>UNIT-III</b>												
<b>MARKETS AND NEW ECONOMIC ENVIRONMENT</b>												
<b>Part - A (Short Answer Questions)</b>												
1.	Illustrate perfect competition.	Apply	4									
2.	Explain about product differentiation	Understand	4									
3.	Discuss about oligopoly.	Remember	4									
4.	Identify the market skimming.	Create	4									
5.	Describe the Block Pricing.	Understand	4									
7.	State the equilibrium price.	Remember	4									

9.	List out the features of Perfect Market.	Remember	4
12	Describe monopolistic competition.	Remember	4
13	Write short notes on Monopoly Competition.	Analyze	4
14	What is promotional pricing?	Understand	4
15	Define market.	Remember	4
16	Discuss about Duopoly	Remember	4
17	Define Monopolistic Competition Market.	Remember	4
18	List out the features of Monopoly Market.	Remember	4
19	List out the features of Monopolistic Competition Market.	Remember	4
20	Illustrate Price Discrimination.	Apply	4
21	Write short note on Price Maker.	Analyze	4
22	Write short note on Price Taker.	Analyze	4
23	List out the features of Perfect Competition Market.	Remember	4
24	Discuss the Promotional Pricing	Understand	4
25	Explain about the Target Pricing.	Remember	4
26	Write short note Cost plus pricing.	Analyze	4
27	Discuss Marginal cost pricing.	Understand	4
28	Explain the Group Equilibrium.	Understand	4
29	List out the features of Sole Trading	Remember	4
30	List out the features of Partnership	Remember	4
31	List out the features of Company	Remember	4
32	List out the features of Public Enterprises	Remember	4
33	List out the merits of Sole Trading	Remember	4
34	List out the merits of Partnership	Remember	4
35	List out the merits of company	Remember	4
36	List out the demerits of Sole Trading	Remember	4
37	List out the demerits of Partnership	Remember	4
38	List out the demerits of Company	Remember	4
39	Write a short note on Common Seal	Analyze	4
40	What is globalization?	Understand	4
41	Define Business.	Remember	5
42	Illustrate the features of business.	Remember	5
43	Define sole trading.	Remember	5
44	Define Partnership	Remember	5
45	Define Company.	Remember	5
46	List out the features of company.	Remember	5
47	Define Public Enterprise.	Remember	5
48	State Public Corporation.	Remember	5
49	What is unlimited Liability?	Evaluate	5
50	List out different types of Partners.	Remember	5
51	Write any two differences between Public Company and Private company.	Analyze	5
52	Write a short note on Public Limited Company	Analyze	5
53	Write a short note on Private company	Analyze	5
54	Write a short note on Active Partner	Analyze	5
55	Write a short note on Minor Partner	Analyze	5
56	Write a short note on Partner by Estoppel	Analyze	5
<b>Part – B (Long Answer Questions)</b>			
1	Define Perfect Competition. List out the features of Perfect Competition?	Remember	4
2	Define Monopoly. Discuss the features of Monopoly?	Understand	4

3	How to determine price under Perfect Competition? Illustrate.	Apply	4
4	Discuss price-output determination in case of Monopoly.	Understand	4
5	Write differences between Perfect competition and Monopoly.	Apply	4
6	Write differences between perfect and imperfect market. Explain different types of Pricing.	Apply	4
7	Define Monopolistic Competition. Explain the features of Monopolistic Competition.	Remember	4
8	How to determine price- output in case of Monopolistic Competition? Discuss.	Apply	4
9	Define Business. Explain its characteristics.	Remember	5
10	Define Sole Trading. Describe the features, merits and demerits of Sole Trading?	Understand	5
11	Define Partnership. State the features, merits and demerits of Partnership?	Remember	5
12	Define Joint Stock Company. Illustrate the features, merits and demerits of Joint Stock Company.	Apply	5
13	Distinguish between public company and private company.	Apply	5
14	State the merits & demerits of different types of Public Enterprises.	Remember	5
15	Explain different types of Partners.	Understand	5
16	List out different types of companies.	Remember	5

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

1	How to determine price under Perfect Competition? Illustrate.	Apply	4
2	Discuss price-output determination in case of Monopoly.	Understand	4
3	Write differences between Perfect competition and Monopoly.	Apply	4
4	Write differences between perfect and imperfect market. Explain different types of Pricing.	Apply	4
5	Define Monopolistic Competition. Explain the features of Monopolistic Competition.	Remember	4
6	How to determine price- output in case of Monopolistic Competition? Discuss.	Apply	4
7	Define Business. Explain its characteristics.	Remember	5
8	Define Sole Trading. Describe the features, merits and demerits of Sole Trading?	Understand	5
9	Define Partnership. State the features, merits and demerits of Partnership?	Remember	5
10	Define Joint Stock Company. Illustrate the features, merits and demerits of Joint Stock Company.	Apply	5

**UNIT-IV  
CAPITAL AND CAPITAL BUDGETING**

**Part – A (Short Answer Questions)**

1	Write short note on the features of fixed capital.	Remember	6
2	Sketch the significance of capital.	Apply	6
3	Discuss the components of working capital.	Understand	6
4	Sketch working capital cycle.	Apply	6
5	Explain Debt Factoring.	Understand	6
6	Write different types of shares.	Analyze	6
7	Write a short note on commercial paper.	Remember	6
8	Write a formula for Pay- back period	Analyze	6
9	Write a formula for Average Rate of Return	Analyze	6
10	Write a formula for Net Present Value	Analyze	6
11	Write a formula for Profitability Index	Analyze	6
12	Write a formula for Internal Rate of Return	Analyze	6
13	Explain the meaning of payback period.	Remember	6
14	Write a note on profitability index.	Analyze	6
15	State the meaning of Net Present Value	Remember	6
16	Define Capital Budgeting	Remember	6
17	List out the Significance of Capital Budgeting	Remember	6

18	List out the limitations of Capital Budgeting	Remember	6																								
19	List out the factors which are influenced on working capital requirements.	Remember	6																								
20	State the meaning Average Rate of Return.	Remember	6																								
<b>Part – B (Long Answer Questions)</b>																											
1	Define Capital. Explain its significance.	Remember	6																								
2	Describe different types of capital.	Create	6																								
3	Discuss the factors which are influenced on working capital requirement.	Understand	6																								
4	Describe the advantages and Disadvantages of Pay-back Period.	Understand	6																								
5	State the advantages and Disadvantages of ARR Method.	Remember	6																								
6	Illustrate the advantages and Disadvantages of NPV Method.	Apply	6																								
7	Write the advantages and Disadvantages of IRR Method.	Analyze	6																								
8	Explain the advantages and Disadvantages of Profitability Index Method.	Remember	6																								
9	Define Capital Budgeting. Illustrate the significance and limitations of Capital Budgeting.	Apply	6																								
10	Illustrate the limitations of Capital Budgeting.	Apply	6																								
<b>Part – C (Problem Solving and Critical Thinking)</b>																											
1	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?	Remember	6																								
2	X Ltd. is producing articles mostly by manual labour and is considering replacing it by a new machine. There are two alternative models M and N of the new machines. Prepare a statement of profitability showing the pay-back period from the following information: <table border="1" data-bbox="304 1151 1118 1402"> <thead> <tr> <th>Particulars</th> <th>Machine-M</th> <th>Machine-N</th> </tr> </thead> <tbody> <tr> <td>Estimated Life</td> <td>4 years</td> <td>5 years</td> </tr> <tr> <td>Cost of machine</td> <td>Rs.90,000</td> <td>Rs.1,80,000</td> </tr> <tr> <td>Estimated Savings in scrap</td> <td>Rs.5,000</td> <td>Rs.8,000</td> </tr> <tr> <td>Estimated Savings in direct labour /wages</td> <td>Rs.60,000</td> <td>Rs.80,000</td> </tr> <tr> <td>Additional cost of Maintenance</td> <td>Rs.8,000</td> <td>Rs.10,000</td> </tr> <tr> <td>Additional cost of supervision</td> <td>Rs.12,000</td> <td>Rs.18,000</td> </tr> </tbody> </table>	Particulars	Machine-M	Machine-N	Estimated Life	4 years	5 years	Cost of machine	Rs.90,000	Rs.1,80,000	Estimated Savings in scrap	Rs.5,000	Rs.8,000	Estimated Savings in direct labour /wages	Rs.60,000	Rs.80,000	Additional cost of Maintenance	Rs.8,000	Rs.10,000	Additional cost of supervision	Rs.12,000	Rs.18,000	Understand	6			
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3	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: Net Profits Before Depreciation and After Tax (NPBDAT) for Two projects were given below: <table border="1" data-bbox="304 1554 1118 1771"> <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	Apply	6						
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																									
4	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. <table border="1" data-bbox="392 1879 1118 2078"> <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>	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	Apply	6
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																								
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Total	50,000	50,000	50,000																								

	Predict Accounting Rate of Return on (i) Average Capital (ii) Original Capital Employed.																																			
5	<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) Discounted Pay-back Period (iii) Net Present Value @10% D.f. and (iv) 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>0.909</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	0.909	0.826	0.751	0.683	Understand	6								
Years	Net Cash Flows (Rs.)	P.V. of Rs.1 @10% D.f																																		
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6	<p>No project is acceptable unless the yield is 10%. Cash Inflows of a certain project along with Cash outflows are given below:</p> <table border="1"> <thead> <tr> <th>Years</th> <th>Cash Outflows (Rs.)</th> <th>Cash Inflows (Rs.)</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>1,50,000</td> <td>-----</td> </tr> <tr> <td>1</td> <td>30,000</td> <td>20,000</td> </tr> <tr> <td>2</td> <td>-----</td> <td>30,000</td> </tr> <tr> <td>3</td> <td>-----</td> <td>60,000</td> </tr> <tr> <td>4</td> <td>-----</td> <td>80,000</td> </tr> <tr> <td>5</td> <td>-----</td> <td>30,000</td> </tr> </tbody> </table> <p>The salvage value at the end of the 5<sup>th</sup> year is Rs.40,000. Predict (i) Net Present Value. P.V. of Rs.1 @10%D.f as per Present Value Tables given below:</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. of Rs.1 @10% D.f</td> <td>0.909</td> <td>0.826</td> <td>0.751</td> <td>0.683</td> <td>0.621</td> </tr> </tbody> </table>	Years	Cash Outflows (Rs.)	Cash Inflows (Rs.)	0	1,50,000	-----	1	30,000	20,000	2	-----	30,000	3	-----	60,000	4	-----	80,000	5	-----	30,000	Years	1	2	3	4	5	P.V. of Rs.1 @10% D.f	0.909	0.826	0.751	0.683	0.621	Apply	6
Years	Cash Outflows (Rs.)	Cash Inflows (Rs.)																																		
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7	<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> <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 (iv)Discounted Pay-back Period</p>	Years	Net Cash Flows (Rs.)	P.V. of Rs.1 @24% D.f	1	1,20,000	0.806	2	90,000	0.650	3	1,60,000	0.524	4	30,000	0.423	Remember	6																		
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8	<p>A project requires an investment of Rs.11,11,111 and is expected to generate cash inflows of Rs.3,33,333, Rs.4,44,444, Rs.5,55,555 Rs.4,44,444 and Rs.3,33,333 for the next 5 years. The Risk free cost of capital is 11%. Evaluate the project by using IRR Method with the help of 25% and 26% D.f. If a Risk premium of 9% is considered, how do you evaluate the project and do you observe any change in your earlier decision? Compute (i) Fake Pay-back period and (ii) IRR with the help of 25% and 26% 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@25 %</td> <td>0.800</td> <td>0.640</td> <td>0.512</td> <td>0.410</td> <td>0.328</td> </tr> <tr> <td>P.V.Factor@26 %</td> <td>0.794</td> <td>0.630</td> <td>0.500</td> <td>0.397</td> <td>0.315</td> </tr> </tbody> </table>	Years	1	2	3	4	5	P.V.Factor@25 %	0.800	0.640	0.512	0.410	0.328	P.V.Factor@26 %	0.794	0.630	0.500	0.397	0.315	Understand	6															
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9	<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></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Years	1	2	3	4	5							Apply	6																					
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		
10	A Company has an investment opportunity costing Rs.40,000 with the following expected net cash flow after taxes and before depreciation.						Understand	6
	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				
	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.							
11	Compute the Accounting /Average Rate of Return (ARR) for the projects A and B on (i) Original Investment (ii) Average Investment from the following information.						Remember	6
	Particulars	Project-A	Project-B					
	Original Investment	Rs.20,000	Rs.30,000					
	Expected Life (No salvage Value)	4 Years	5 Years					
	Projected Net Income (PAT)							
	1 <sup>st</sup> Year	Rs. 2,000	Rs.3,000					
	2 <sup>nd</sup> Year	1,500	3,000					
	3 <sup>rd</sup> Year	1,500	2,000					
	4 <sup>th</sup> Year	1,000	1,000					
	5 <sup>th</sup> Year	Nil	1,000					
	Total PAT	6,000	10,000					
	If the required rate of return is 12% which project should be undertaken?							

#### UNIT-V

### INTRODUCTION TO FINANCIAL ACCOUNTING AND RATIO ANALYSIS

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

1	Define Financial Accounting.	Remember	7
2	Discuss the meaning of Journal Proper.	Understand	7
3	List out different types of Accounting Concepts.	Remember	7
4	Explain the meaning of Double Entry System.	Understand	7
5	State the meaning of purchase book	Remember	7
6	Define subsidiary books	Remember	7
7	Identify the meaning of trial balance.	Evaluate	7
8	State the errors of principle	Remember	7
9	Describe the Meaning of Errors of Omission	Understand	7
10	Write a note on provisions for doubtful debts.	Analyze	7
11	State the Meaning of Revenue Receipt	Remember	7
12	Explain the meaning of Contra Entry.	Understand	7
13	Illustrate the meaning of ledger account.	Apply	7
14	Explain the meaning of Capital Expenditure.	Understand	7
15	List out different types of Accounting Conventions.	Remember	7
16	Explain a short note on current ratio	Understand	8
17	Identify the formula for Operating ratio.	Apply	8

18	Write the formula for Debt Equity Ratio	Remember	8
19	Indicate the limitations of ratio analysis.	Remember	8
20	Discuss the Return on Capital Employed	Understand	8
21	Indicate the formula for debt collection period?	Understand	8
22	Define Ratio Analysis.	Remember	8
23	State the meaning of Price-Earnings Ratio.	Remember	8
24	Write the meaning of Earnings per share.	Analyze	8
25	Describe two types of capital structure ratios.	Understand	8
26	Identify different types of Activity Ratios.	Create	8
27	State the meaning of Interest Coverage Ratio.	Remember	8
28	Explain the meaning and computing procedure of Return on Capital Employed.	Understand	8
29	Identify the formulas for liquidity ratios.	Evaluate	8
30	What is the formula for Interest Coverage Ratio?	Understand	8

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

1.	Define Financial Accounting. Explain the importance and Limitations of Financial Accounting.	Remember	7
2.	Define Account. Illustrate different types and principles of Accounts (Rules of Debit and Credit).	Apply	7
3.	Define Double Entry System. Describe the advantages and Disadvantages of Double Entry System.	Evaluate	7
4.	List out different types of Accounting Concepts.	Understand	7
5.	List out different types of Accounting Conventions.	Understand	7
6.	State the advantages of the Journal.	Remember	7
7.	Illustrate the importance of the Ledger.	Apply	7
8.	Write the significance of Trial Balance.	Analyze	7
9.	Sketch different methods of preparing Trial Balance.	Apply	7
10.	Explain the importance of Trading Account.	Understand	7
11.	Illustrate the significance of Profit & Loss Account.	Apply	7
12.	Discuss the importance of Balance Sheet.	Understand	7
13.	Define Ratio Analysis. Describe the advantages/ significance and limitations of Ratio Analysis.	Remember	8
14.	Discuss different types of Liquidity Ratios.	Understand	8
15.	State different types of Activity Ratios.	Remember	8
16.	Explain different types of Capital Structure Ratios.	Understand	8
17.	Express different types of Profitability Ratios.	Remember	8
18.	Write formulas for of Liquidity Ratios.	Apply	8
19.	State the formulas for Activity Ratios.	Apply	8
20.	Explain the formulas for Capital Structure Ratios.	Apply	8
21.	Write the formulas for Profitability Ratios.	Apply	8

**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>	Understand	7
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2	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 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 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	Apply	7
3	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	Apply	7
4	Write Journal Entries in the books of Mr.Kishore from the following transactions 2014, March 10 <sup>th</sup> Goods purchased from Kamesh Rs.20,000 March 11 <sup>th</sup> Goods returned to Kamesh Rs.2,000 March 12 <sup>th</sup> Amount of Rs.17,500 paid to Kamesh in full settlement of his Account. March 13 <sup>th</sup> Insurance Premium paid to LIC of India by cheque Rs.15,000 March 14 <sup>th</sup> Commission received from Naresh Rs.5,000 March 15 <sup>th</sup> Goods sold to Prasad on credit Rs.30,000 March 16 <sup>th</sup> Prasad returned goods to us Rs.3,000 March 17 <sup>th</sup> A cheque received from Prasad for full settlement of Rs.26,500.	Apply	7
5	Write Journal Entries in the books of Mr.Pradeep from the following transactions 2010, March 1 <sup>st</sup> Business started by Rama Rao with cash Rs.40,000 , Cheque Rs.25,000 and Stock Rs.25,000. March 2 <sup>nd</sup> Goods taken by proprietor for his personal use Rs.10,000 March 3 <sup>rd</sup> Cash Taken for personal use Rs.5,000 March 4 <sup>th</sup> Investment purchased for Rs. 8,000 March 5 <sup>th</sup> Sale of Furniture for Rs.2,000 March 6 <sup>th</sup> Goods sold to Ganesh for 10,000. March 7 <sup>th</sup> Goods returned from Ganesh Rs.2,000 March 7 <sup>th</sup> Cheque received from Ganesh for 3,000 March 8 <sup>th</sup> Ganesh cheque was dishonoured. March 9 <sup>th</sup> Ganesh became insolvent, 0.50 paise in a rupee was collected from his estate towards final settlement and the remaining balance being Bad Debts.	Remember	7
6	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, Cheque Rs.20,000 and Stock Rs.10,000 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 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 in full settlement of his account Rs.4,000.	Understand	7
7	Write Journal Entries in the books of Mr. Siva Kumar from the following transactions.	Understand	7

	<p>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</p> <p>Jan 8<sup>th</sup> Goods sold to Arjun on credit for Rs.3,500</p> <p>Jan 9<sup>th</sup> Goods returned from Arjun Rs.500</p> <p>Jan 10<sup>th</sup> Arjun settled his account with amount of Rs.2,900</p> <p>Jan 11<sup>th</sup> Goods taken by proprietor for his personal use Rs.5,000</p> <p>Jan 12<sup>th</sup> Cash taken by proprietor for his domestic use Rs.2,000</p> <p>Jan 31<sup>st</sup> Telephone purchased for Domestic use Rs.10,000</p> <p>Jan31<sup>st</sup> Rent Paid for personal use Rs.5,000</p>		
8	<p>Write Journal Entries from the following in the books of Mr.Praveen.</p> <p>2009, Dec 1<sup>st</sup> Business started with cash Rs.50,000, Stock Rs.30,000, Furniture Rs.10,000 and Machinery Rs.20,000.</p> <p>Dec 2<sup>nd</sup> Telephone charges paid in cash Rs.5,000</p> <p>Dec 3<sup>rd</sup> Transport charges paid by cheque Rs.3,000</p> <p>Dec 4<sup>th</sup> Advertisements charges paid to Naga Raju Rs. 4,000</p> <p>Dec 5<sup>th</sup> Dividend received from Ashok company Pvt.Ltd. Rs.2,000</p> <p>Dec 6<sup>th</sup> Furniture purchased for personal use Rs.5,000</p> <p>Dec 7<sup>th</sup> Rent paid to Landlord Ramana for Rs.8,000</p>	Apply	7
9	<p>Write Journal Entries from the following in the books of Mr.Prasad</p> <p>2010, Dec 1<sup>st</sup> Machinery purchased for Rs.15,000</p> <p>Dec 9<sup>th</sup> Building purchased for 1,00,000</p> <p>Dec 10<sup>th</sup> Computer purchased by cheque for Personal use Rs.20,000</p> <p>Dec 11<sup>th</sup> Investments sold for Rs.25,000</p> <p>Dec 12<sup>th</sup> Sale of Machinery for Rs.30,000</p> <p>Dec 13<sup>th</sup> Sale of Furniture for Rs.10,000</p> <p>Dec 14<sup>th</sup> Sale of Building for cash Rs.1,50,000</p> <p>Dec 31<sup>st</sup> Computer Sold by cheque Rs.15,000</p>	Apply	7
10	<p>Write Journal Entries in the books of Gopal from the following:</p> <p>2008, May 1<sup>st</sup> Business started with Rs.60,000</p> <p>May 2<sup>nd</sup> Sale of Typewriter for Rs.1,000</p> <p>May 3<sup>rd</sup> Salaries paid to staff by cheque Rs.5,000</p> <p>May 4<sup>th</sup> Wages paid to Labour for Rs.15,000.</p> <p>May 5<sup>th</sup> Rent paid to Landlord Raja Rao Rs.8,000</p> <p>May 6<sup>th</sup> Interest received from Rajani Rs.2,000</p> <p>May 7<sup>th</sup> Commission received from Kamala Rs.3,000</p>	Remember	7
11	<p>Record the following transactions in the books of Krishna Mohan.</p> <p>2007, June 1<sup>st</sup> Business started with cash Rs.25,000 and Cheque Rs.20,000</p> <p>June 2<sup>nd</sup> Interest paid for Rs.5,000</p> <p>June 3<sup>rd</sup> Commission paid by cheque Rs.2,000</p> <p>June 4<sup>th</sup> Bad Debts written off on Debtors Rs.3,000</p> <p>June 5<sup>th</sup> Bad Debts recovered from Debtors Rs.1,500</p> <p>June 6<sup>th</sup> Rent paid to Naresh Rs.10,000</p>	Understand	7
12	<p>Write Journal Entries in the books Mr. Mahendra from the following transactions:</p> <p>2006, April 1<sup>st</sup> Business started with Cash Rs.1,00,000.</p> <p>April 2<sup>nd</sup> Opened current account with Bank Rs.50,000</p> <p>April 3<sup>rd</sup> Interest received on Investment Rs.5,000</p> <p>April 4<sup>th</sup> Goods sold to Ramu for Rs.20,000</p> <p>April 4<sup>th</sup> Bills receivable Received from Ramu Rs.20,000 for 2 months.</p> <p>April 5<sup>th</sup> The above Bills receivable was discounted at Bank at 19,800</p> <p>April 6<sup>th</sup> The above B/R was dishonoured.</p>	Apply	7
13	<p>Write Journal Entries in the books Mr. Mahendra from the following transactions: 2007,</p> <p>June 1<sup>st</sup> Interest received from Raghu Rs.2,000</p> <p>June 8<sup>th</sup> Commission received from Kamesh Rs.7,000</p> <p>June 9<sup>th</sup> Cash paid to Srinivas Rs.6,000</p> <p>June 10<sup>th</sup> Cheque issued to Srikanth Rs.7,000</p> <p>June 14<sup>th</sup> Srikanth cheque was Dishonoured.</p> <p>June 15<sup>th</sup> Cash received from Kiran Rs.8,000</p> <p>June 16<sup>th</sup> Cheque received from Gayathri Rs.10,000</p> <p>June 20<sup>th</sup> Gayathri cheque was dishonoured.</p>	Apply	7
14	<p>Write Journal Entries in the books Mr. Mahendra from the following</p>	Apply	7

	<p>transactions:</p> <p>2008, April 1<sup>st</sup> Goods purchased from Pratap for cash Rs.10,000  April 8<sup>th</sup> Goods sold to Mahesh on cash Rs.15,000  April 9<sup>th</sup> Goods purchased from Sarat for Rs.12,000  April 10<sup>th</sup> Acceptance (B/P) given to Sarat for 3 months for Rs.12,000  April 11<sup>th</sup> The above B/P was dishonoured.  April 12<sup>th</sup> A cheque received from Hari for Rs.1,000  April 13<sup>th</sup> Hari's Cheque was dishonoured.  April 14<sup>th</sup> A cheque issued to Malhotra for Rs.7,000  April 30<sup>th</sup> Malhotra cheque was dishonoured.</p>																																																																		
15	<p>Record /consider the following transactions in the books of Mr.Kiran. 2009,</p> <p>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</p>	Understand	7																																																																
16	<p>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</p>	Understand	7																																																																
17	<p>Prepare Trial Balance of Mr.Ravikumar as on 31.12.2005 from the following balances:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: right;">Rs.</th> <th style="width: 25%;"></th> <th style="width: 25%; text-align: right;">Rs.</th> </tr> </thead> <tbody> <tr> <td>1. Capital</td> <td style="text-align: right;">32,000</td> <td>16. Creditors</td> <td style="text-align: right;">12,500</td> </tr> <tr> <td>2. Machinery</td> <td style="text-align: right;">30,000</td> <td>17. Returns Outwards(P/R)</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>3. Opening Stock</td> <td style="text-align: right;">16,000</td> <td>18. Returns Inwards (S/R)</td> <td style="text-align: right;">3,600</td> </tr> <tr> <td>4. Wages</td> <td style="text-align: right;">50,000</td> <td>19. Drawings</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>5. Carriage inwards</td> <td style="text-align: right;">500</td> <td>20. Discount Allowed</td> <td style="text-align: right;">750</td> </tr> <tr> <td>6. Salaries</td> <td style="text-align: right;">5,000</td> <td>21. Discount Received</td> <td style="text-align: right;">250</td> </tr> <tr> <td>7. Factory Rent</td> <td style="text-align: right;">2,400</td> <td>22. Office Expenses</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>8. Repairs</td> <td style="text-align: right;">400</td> <td>23. Manufacturing Exp.</td> <td style="text-align: right;">600</td> </tr> <tr> <td>9. Fuel &amp; Power</td> <td style="text-align: right;">2,500</td> <td>24. Bills Payable</td> <td style="text-align: right;">6,500</td> </tr> <tr> <td>10. Buildings</td> <td style="text-align: right;">40,000</td> <td>25. Bills Receivable</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>11. Sundry Debtors</td> <td style="text-align: right;">20,000</td> <td>26. Cash in Hand</td> <td style="text-align: right;">2,400</td> </tr> <tr> <td>12. Sales</td> <td style="text-align: right;">2,03,600</td> <td>27. Cash at Bank</td> <td style="text-align: right;">15,400</td> </tr> <tr> <td>13. Purchases</td> <td style="text-align: right;">1,22,000</td> <td>28. Office Rent</td> <td style="text-align: right;">1,800</td> </tr> <tr> <td>14. Bank O.D</td> <td style="text-align: right;">2,000</td> <td></td> <td></td> </tr> <tr> <td>15. Suspense A/c (Cr)</td> <td style="text-align: right;">59,300</td> <td></td> <td></td> </tr> </tbody> </table>		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	12. Sales	2,03,600	27. Cash at Bank	15,400	13. Purchases	1,22,000	28. Office Rent	1,800	14. Bank O.D	2,000			15. Suspense A/c (Cr)	59,300			Apply	7
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19	<p>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 &amp;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.</p>	Understand	7																																																																

20	<p>Prepare Trial Balance of Mr.Rajaram as on 31.12.2005 from the following balances:</p> <p style="text-align: center;">Rs.</p> <p>Rs.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">1. Sundry Debtors 32,000</td> <td style="width: 50%;">9. Stock as on 1.1.2005 22,000</td> </tr> <tr> <td>2. Cash in Hand 35</td> <td>10. Cash at Bank 1,545</td> </tr> <tr> <td>3. Plant &amp; Machinery 17,500</td> <td>11. Sundry Creditors 10,650</td> </tr> <tr> <td>4. Trade expenses 1,075</td> <td>12. Sales 2,34,500</td> </tr> <tr> <td>5. Salaries 2,225</td> <td>13. Carriage Outwards 400</td> </tr> <tr> <td>6. Rent 900</td> <td>14. Bills Payable 7,500</td> </tr> <tr> <td>7. Purchases 2,18,870</td> <td>15. Discount Allowed 1,100</td> </tr> <tr> <td>8. Capital 79,500</td> <td>16. Business Premises 34,500</td> </tr> </table>	1. Sundry Debtors 32,000	9. Stock as on 1.1.2005 22,000	2. Cash in Hand 35	10. Cash at Bank 1,545	3. Plant & Machinery 17,500	11. Sundry Creditors 10,650	4. Trade expenses 1,075	12. Sales 2,34,500	5. Salaries 2,225	13. Carriage Outwards 400	6. Rent 900	14. Bills Payable 7,500	7. Purchases 2,18,870	15. Discount Allowed 1,100	8. Capital 79,500	16. Business Premises 34,500	Apply	7																																																																
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21	<p>You are required to show that Trial Balance as on 31.12.1998 from the following Information:</p> <p>(1) Land &amp; Buildings Rs.2,750 (2) Plant &amp; Machinery Rs.1,332  (3) Stock on 1.1.1998 Rs.4,173 (4) Sales Rs.20,783  (5) Purchases Rs.12,733 (6) Carriage inwards Rs.478  (7) Bad Debts Rs.225 (8) Wages Rs.1,227  (9) Debtors Rs.5,445 (10) Creditors Rs.2,429  (11) Discount Received Rs.763 (12) Discount Allowed Rs.824  (13) Furniture Rs.192 (14) Capital Rs.10,659  (15) General Expenses Rs.1,338 (16) Cash at Bank Rs.1,874  (17) Rent &amp; Rates Rs.188 (18) Drawings Rs.1,855.</p>	Remember	7																																																																																
22	<p>Prepare Trading and Profit &amp; Loss A/c and Balance Sheet of Mr. Mukharjee as at 31-12-1998 from the following Trial Balance</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Debit Balances</th> <th style="text-align: center;">Rs.</th> <th style="text-align: left;">Credit Balances</th> <th style="text-align: center;">Rs.</th> </tr> </thead> <tbody> <tr><td>Drawings</td><td style="text-align: right;">12,000</td><td>Sales</td><td style="text-align: right;">2,80,800</td></tr> <tr><td>Purchases</td><td style="text-align: right;">1,80,000</td><td>Discount</td><td style="text-align: right;">3,000</td></tr> <tr><td>Salaries</td><td style="text-align: right;">18,000</td><td>Received</td><td style="text-align: right;">4,000</td></tr> <tr><td>Rent &amp; Taxes</td><td style="text-align: right;">6,800</td><td>Commission</td><td style="text-align: right;">40,000</td></tr> <tr><td>Travelling Expenses</td><td style="text-align: right;">1,600</td><td>Sundry Creditors</td><td style="text-align: right;">10,000</td></tr> <tr><td>Opening Stock</td><td style="text-align: right;">75,000</td><td>Loan</td><td style="text-align: right;">1,00,000</td></tr> <tr><td>Machinery</td><td style="text-align: right;">28,400</td><td>Capital</td><td></td></tr> <tr><td>Furniture</td><td style="text-align: right;">12,000</td><td></td><td></td></tr> <tr><td>Sundry Debtors</td><td style="text-align: right;">50,500</td><td></td><td></td></tr> <tr><td>Cash in Hand</td><td style="text-align: right;">2,200</td><td></td><td></td></tr> <tr><td>Cash at Bank</td><td style="text-align: right;">10,400</td><td></td><td></td></tr> <tr><td>Office Expenses</td><td style="text-align: right;">2,500</td><td></td><td></td></tr> <tr><td>Wages</td><td style="text-align: right;">30,000</td><td></td><td></td></tr> <tr><td>Freight &amp; Carriage</td><td style="text-align: right;">4,000</td><td></td><td></td></tr> <tr><td>inwards</td><td style="text-align: right;">800</td><td></td><td></td></tr> <tr><td>Insurance</td><td style="text-align: right;">1,600</td><td></td><td></td></tr> <tr><td>Discount Allowed</td><td style="text-align: right;">2,000</td><td></td><td></td></tr> <tr><td>Returns Inwards (S/R)</td><td></td><td></td><td></td></tr> <tr> <td></td> <td style="text-align: right;"><b>4,37,800</b></td> <td></td> <td style="text-align: right;"><b>4,37,800</b></td> </tr> </tbody> </table> <p><b>Adjustments:</b>  1) Closing stock Rs.68,500</p>	Debit Balances	Rs.	Credit Balances	Rs.	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 Expenses	1,600	Sundry Creditors	10,000	Opening Stock	75,000	Loan	1,00,000	Machinery	28,400	Capital		Furniture	12,000			Sundry Debtors	50,500			Cash in Hand	2,200			Cash at Bank	10,400			Office Expenses	2,500			Wages	30,000			Freight & Carriage	4,000			inwards	800			Insurance	1,600			Discount Allowed	2,000			Returns Inwards (S/R)					<b>4,37,800</b>		<b>4,37,800</b>	Analyze	7
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23	<p>Prepare Trading and Profit &amp; Loss A/c of Mr. Rama Raju for the year ending 31-3-2007 from the following Trial Balance</p>	Evaluate	7																																																																																

Debit Balances	Rs.	Credit Balances	Rs.
Drawings	18,000	Sales	41,460
Purchases	21,200	Returns Outwards	420
Insurance	2,200	Interest	240
Rent	600	Creditors	4,120
Postage	300	Loan	3,000
Opening Stock	3,100	Capital	12,000
Building	1,700	Suspense A/c (Cr)	2,700
Furniture	1,000		
Debtors	6,000		
Cash in Hand	1,300		
Stationery	240		
Wages	5,200		
Freight & Carriage inwards	560		
Miscellaneous Expenses	500		
Repairs	900		
Bad Debts	120		
Returns Inwards (S/R)	1,020		
	<b>63,940</b>		<b>63,940</b>

**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.

24 Prepare Trading and Profit & Loss A/c and Balance Sheet of Mr. Mukharjee as at 31-12-1998 from the following Trial Balance Remember 7

Debit Balances	Rs.	Credit Balances	Rs.
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		10,000
Expenses	75,000	Sundry 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 inwards	800		
Insurance	1,600		
Discount Allowed	2,000		
Returns Inwards (S/R)			
	<b>4,37,800</b>		<b>4,37,800</b>

**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%

25	<p><b>Prepare Trading, Profit &amp; Loss A/c of Mr. Sukumar for the year ending 31-3-2007 and Balance Sheet as on that date from the following Trial Balance</b></p> <table border="1" data-bbox="331 208 1082 936"> <thead> <tr> <th>Debit Balances</th> <th>Rs.</th> <th>Credit Balances</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Land</td> <td>15,300</td> <td>sales</td> <td>41,460</td> </tr> <tr> <td>Purchases</td> <td>11,200</td> <td>Returns Outwards (P/R)</td> <td>420</td> </tr> <tr> <td>Salaries</td> <td>2,200</td> <td>Interest</td> <td>240</td> </tr> <tr> <td>Rent</td> <td>600</td> <td>Interest</td> <td>4,120</td> </tr> <tr> <td>Postage</td> <td>300</td> <td>Creditors</td> <td>3,000</td> </tr> <tr> <td>Opening Stock</td> <td>3,100</td> <td>Loan</td> <td>12,000</td> </tr> <tr> <td>Building</td> <td>1,700</td> <td>Capital</td> <td></td> </tr> <tr> <td>Furniture</td> <td>1,000</td> <td></td> <td></td> </tr> <tr> <td>Debtors</td> <td>6,000</td> <td></td> <td></td> </tr> <tr> <td>Cash in Hand</td> <td>1,300</td> <td></td> <td></td> </tr> <tr> <td>Stationery</td> <td>240</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td>5,200</td> <td></td> <td></td> </tr> <tr> <td>Freight &amp; Carriage inwards</td> <td>560</td> <td></td> <td></td> </tr> <tr> <td>Miscellaneous Expenses</td> <td>900</td> <td></td> <td></td> </tr> <tr> <td>Repairs</td> <td>120</td> <td></td> <td></td> </tr> <tr> <td>Repairs</td> <td>1,020</td> <td></td> <td></td> </tr> <tr> <td>Bad Debts</td> <td>5,640</td> <td></td> <td></td> </tr> <tr> <td>Returns Inwards (S/R)</td> <td>4,360</td> <td></td> <td></td> </tr> <tr> <td></td> <td><b>61,240</b></td> <td></td> <td><b>61,240</b></td> </tr> </tbody> </table> <p><b>Adjustments:</b></p> <ol style="list-style-type: none"> <li>Closing stock Rs.2,980</li> <li>Outstanding Salaries Rs.200</li> <li>Prepaid Rent Rs.60</li> <li>Provide 5% for Doubtful Debts on Debtors.</li> </ol>	Debit Balances	Rs.	Credit Balances	Rs.	Land	15,300	sales	41,460	Purchases	11,200	Returns Outwards (P/R)	420	Salaries	2,200	Interest	240	Rent	600	Interest	4,120	Postage	300	Creditors	3,000	Opening Stock	3,100	Loan	12,000	Building	1,700	Capital		Furniture	1,000			Debtors	6,000			Cash in Hand	1,300			Stationery	240			Wages	5,200			Freight & Carriage inwards	560			Miscellaneous Expenses	900			Repairs	120			Repairs	1,020			Bad Debts	5,640			Returns Inwards (S/R)	4,360				<b>61,240</b>		<b>61,240</b>	Apply	7																				
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26	<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="331 1167 1098 1868"> <thead> <tr> <th>S. 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>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>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>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><b>TOTAL</b></td> <td></td> <td><b>12,09,000</b></td> <td><b>12,09,000</b></td> </tr> </tbody> </table> <p><b>Adjustments:</b></p> <ol style="list-style-type: none"> <li>Closing Stock Rs.80,000.</li> <li>Outstanding Salaries Rs.10,000.</li> <li>Depreciate Buildings by 10% p.a.</li> </ol>	S. 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		<b>TOTAL</b>		<b>12,09,000</b>	<b>12,09,000</b>	Understand	7
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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 Expenses	5,000	By Sundry Receipt	5,000																																								
To Net Profit	20,000																																										
	<b>35,000</b>		<b>35,000</b>																																								

HOD, MECHANICAL ENGINEERING