7. **SUBJECT DETAILS**

7.1 **MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

7.1.1 Objective and Relevance

7.1.2 Scope

7.1.3 Prerequisites

7.1.4 Faculty

7.1.5 Syllabus

i. JNTU

ii. GATE

iii. IES

7.1.6 Suggested Books

7.1.7 Websites

7.1.8 Experts’ Details

7.1.9 Journals

7.1.10 Findings and Developments

7.1.11 Session Plan

7.1.12 Question Bank

i. JNTU

ii. GATE

iii. IES

7.1.1 **OBJECTIVES AND RELEVANCE**

This Course is designed in such a way that it gives an overview of concepts of Economics. Managerial Economics enables students to understand micro environment in which markets operate how price determination is done under different kinds of competitions. Financial Analysis gives clear idea about concepts and conversions accounting procedures along with introducing students to fundamentals of ratio analysis and interpretation of financial statements.
7.1.2 **SCOPE**

Managerial Economics deals with the economic activities performed by the businessmen. It deals with the significance of demand, its analysis, measurement of demand and its forecasting. It explains the production function through the Cobb-Douglas Production Function. It introduces to the different structures of market covering how price is determined under different market structures. Different forms of business organisations existing in the modern business can be very well understood under its scope. The allocation of capital which plays a vital role in a business organisation is learnt. The double entry book keeping will give an exposure to the maintenance of books of records and allocation of profits in an enterprise.

7.1.3 **PREREQUISITES**

A basic knowledge on Demand, Supply, Production, Price determination. Financial analysis and interpretation.

7.1.4 **FACULTY**

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AURORA’S ENGINEERING COLLEGE

7.1.4.1 **JNTU SYLLABUS**

**UNIT-I**

**OBJECTIVE**
First Unit introduces students to what is managerial economics all about? Difference between micro economics and macro economics, Demand its analysis, kinds of demand.

**SYLLABUS**

Definition, Types, Measurement and Significance of Elasticity of Demand, Demand Forecasting, Factors governing demand forecasting, methods of demand forecasting (survey methods, statistical methods, expert opinion method, test marketing, controlled experiments, judgmental approach to demand forecasting)

**UNIT-II**

**OBJECTIVE**
Third Unit gives an idea of theory of production. Difference between firm and Industry. Internal and External Economics of operations cost analysis and concept of break even analysis and its utility.

**SYLLABUS**
Production Function - Isoquants and Is costs, MRTS, Least Cost Combination of Inputs, Production function, Laws of Returns, Internal and External Economies of Scale.
Cost concepts, Opportunity cost, Fixed vs. Variable costs, explicit costs Vs. Implicit costs, Out of pocket costs vs. Imputed costs. Break-even analysis (BEA) - Determination of Break-even point (simple problems) - Managerial significance and limitations of BEA.
UNIT-III

OBJECTIVE
Fourth Unit enables students to understand market structures, different kinds of competitions existing in the market scenario. How price determination is done is also dealt in same unit.

SYLLABUS
The fifth unit will give complete understanding of changing business environment and post liberalization scenario and different kinds of business organizations.

UNIT-IV

OBJECTIVE
Importance of capital in business organizations, estimation of capital in organizations, methods of raising capital and so on. How to plan returns on investment can be know from capital budgeting techniques.

SYLLABUS
Capital and its significance, Types of Capital, Estimation of Fixed and Working capital requirements, Methods and sources of raising finance.
Nature and scope of capital budgeting, features of capital budgeting proposals, Methods of Capital Budgeting: Payback Method, accounting Rate of Return (ARR) and Net Present Value Method (simple problems).

UNIT-V

OBJECTIVE
Introduction to accounting concepts and conventions and fundamentals in drawing up financial statements is given to the students in this chapter, which comes under the financial accounting branch.

SYLLABUS
Interpretation is the most important aspect in the survival of the business organization which is done through ratio analysis which emerges from the management accounting branch. This unit familiarizes the students with different ratios for the interpretation of financial statements.
Computation, Analysis and Interpretation of Liquidity Ratios (Current Ratio and quick ratio). Activity Ratios (Inventory turnover ratio and Debtor Turnover ratio), Capital structure Ratios (Debt-Equity ratio, Interest Coverage ratio) and profitability ratios (Gross profit Ratio, Net profit ratio, Operating Ratio, P/E Ratio and EPS).
7.1.4.2 GATE SYLLABUS

Not Applicable

7.1.4.3 IES SYLLABUS

Not Applicable

7.1.5 SUGGESTED BOOKS

TEXT BOOKS
T1 Aryasri: Managerial Economics and Financial Analysis, 2/e, TMH, 2005.

REFERENCE BOOKS
R2 H. Craig Peterson & W. Cris Lewis, Managerial Economics, PHI, 4th Ed.
R3 Suma Damodaran, Managerial Economics, Oxford University Press.
R4 Lipsey & Chrystel, Economics, Oxford University Press.
R7 Narayanaswamy: Financial Accounting-A Managerial Perspective, PHI.
R10 Truet and Truet: Managerial Economics:Analysis, Problems and Cases, Wiley.

7.1.6 WEBSITES

1. www.mit.edu (massachusetts institute of technology)
2. www.soe.stanford.edu (stanford university)
3. www.gsas.harward.edu (harvard university)
4. www.iisc.ernet.in
5. www.blackwellpublishing.com/png
6. www.restud.org.uk

7.1.7 EXPERTS’ DETAILS

INTERNATIONAL
1. Dr. Viral Acharya
   Asst. Professor of Management,
   London School of Business,
   email: varcharya@london.edu

2. Prof. Rober S. Kaplan
   Strategic Management,
   Harvard Business School (HBS), London.
   email : rokaplan@hbs.edu

3. Dr. Phanish Puranam
   Asst. Professor,
Strategic and International Management, 
London School of Business. 
email: ppuranam@london.edu

**NATIONAL**

1. Prof. P. Iyer  
   School of Management Studies,  
   IISC, Bangalore.  
   email: piyer@mgmt.iisc.ernet.in

2. Prof. K. Chandrasekhar Rao  
   HOD, Department of Commerce,  
   Pondicherry University, Pondicherry.  
   email: kcsrao@netscape.in

3. Prof. I.B. Pandey  
   Department of Commerce  
   Indian Institute of Management, Ahmedabad.  
   e-mail : impandey@iimahd.ernet.in

4. Prof. Basanth Rakesh  
   Department of Economics,  
   IIM – Ahmedabad.  
   email : rakesh@iimahd.ernet.in

**REGIONAL**

1. Prof. G. Prasad  
   Chairman, Board of Studies (P.G.),  
   Department of Commerce and Business Administration,  
   Nagarjuna University.  
   email : profprasadnu@yahoo.com

2. A. Ramachandra Aryasri  
   SMOS – JNTU, Hyderabad.  
   email : aryasri@yahoo.com

3. Dr. Ch. Suravinda  
   Reader, Department of Commerce,  
   Hindu College, NU.  
   email: suravindac@yahoo.com

**JOURNALS**

This is only a partial and not a comprehensive list of journals

**INTERNATIONAL**

1. Journal of accounting, Auditing, and Finance (NA)  
2. Journal of Corporate Finance (NA)  
3. Economic Systems (NA)  
4. Economic Affairs (NA)

**NATIONAL**

1. ICFAI Journal of Managerial Economics (A)  
2. Business World (A)  
3. Financial Analyst (NA)  
4. Business Line (A)  
5. Economic Times (A)
7.5.9 FINDINGS AND DEVELOPMENTS

5. Income distribution and demand - induced innovation by Reto Foellmi and Josef Zweimuller in The review of economic studies, vol. 73, no. 2.

7.6.11 STUDENT SEMINAR TOPICS

1. With practical example show how elasticity of demand is effected (i.e., Income, Price, Cross & Advertisement).
2. Explain the production function which are effecting the nation?.
3. Tell about pricing strategies in the market?.
4. Tell about reliance industry ltd. with the help of joint stock company?
5. Changing business environment in post liberalization scene?.

7.1.12 QUESTION BANK

UNIT-I

1. Why do demand curves slope downward to right? Are there any exceptions to this rule? Supplement your answer with suitable diagrams. (June 14)
2. Managerial Economics is prescriptive rather than descriptive in character. Discuss (May, 2013)
3. How is macro economics useful to managerial economics? Discuss. (Dec-11)
4. Explain the concept of optimization in managerial economic. (Dec-11)
5. Explain basic problems of economy. (Dec-11)
6. “Managerial economics is the discipline which deals with the application of economic theory to business Management”. Discuss. (Nov, Sep, May, Feb 08, Mar 06, Jan 03)
7. Explain the relationship of Managerial Economics with other disciplines. (Nov 08, 07)
8. What is Managerial Economics? Explain its focus areas. (Nov 08, May 07)

9. What is meant by Demand? Every one desires to own a Maruti car. Does this mean that the demand for Maruti car is large? If it is otherwise, how do you narrate? (Nov 08)

10. 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. (Nov 08)

11. Managerial economics is a multi dimensional discipline? Explain. (Nov 08)

12. Explain the Law of Demand. What do you mean by shifts in demand curve. (Sep 08)

13. How does the study of managerial economics help a business manager in decision making? Illustrate your answer with examples in production and pricing issues. (Sep 08)

14. Define Managerial Economics. Explain its nature and scope. (Sep, May 08, Nov 07)

15. Write briefly on the following: (May 08)
   i. Giffin’s paradox
   ii. Demand schedule
   iii. Income effect
   iv. Joint demand

16. Elaborate the importance of managerial economics in decision making. (May, Feb 08)

17. Discuss the nature and scope of managerial economics. (May 08)

18. Elaborate the importance of managerial economics in decision making. (May 08)

19. Explain the role of a Managerial Economist in a Business firm. (Nov 07)

20. Define ‘Demand’ and explain the factors that influence the demand of product. (May 07)

21. State the Law of Demand. What are the various factors that determine the demand for a mobile phone? (May 07)

22. What are the contributions and limitations of managerial economics to business managers? (May 07)

23. What is demand analysis? Explain the different factors that influence the demand for a product. (Sep 06)

24. What is demand? State and Explain the Law of Demand. Are there any exceptions to the law? (Sep, Mar 06)

25. What is managerial economics? What type of issues come under the preview of managerial economics? (Nov 05)

26. Managerial Economics is the integration of Economic theory with business practice for the purpose of facilitating decision making and forward planning by management discuss. (May 05)

27. Define Managerial Economics and explain its scope, importance in decision making? (May 05)


29. What is the role of modern managers in business environment. (May 05)

30. i. Draw a demand schedule approaches to forecasting demand for new products ?
    ii. Discuss the utility of demand forecasting ? (Dec 04)
31. Explain the various functions of a Managerial Economist. (May 04, Jan 03)

32. What is Demand Analysis? Explain factors influencing the demand for a product? (May 04, 01, Nov 02)

33. What are contributions and limitations of economic analysis to business decision making? (May 04, Nov 03, 02)

34. What is the law of demand? What are the exceptions? (Jun 04)

35. Differentiate between demand function and demand schedule. (Jun 04)

36. What is the significance of Demand Analysis of the Manager of a business form? Explain. (Jun 04)

37. What is meant by Demand Schedule Demand curve and demand function? How is market demand calculated from individual demand? (Nov 03)

38. What role does the managerial economist play in the business. (Jan 03)

39. Distinguish ‘General Economics’ from ‘Managerial Economics’. (Jan 03)

40. Managerial economics is prescriptive rather than descriptive in character. Examine this statement. (Jan 03)

41. Discuss in detail the role of economics in engineering industry and its influence on the technical decisions. (Jan 03)

42. How far is profit maximization the basic objective of a firm. What are the reasons for limiting profits. (Jan 03)

43. In normal and formal economic theory we often assume profit maximization. In reality, the firm do not maximize profit, in fact they cannot”. Comment. (Jan 03)

44. How is the behaviour of profit maximizing firm different from that of revenue maximizing firm. (Jan 03)

45. Managerial economics is the study of the allocation of resources available to a firm. Explain (Jul 03)

46. Define managerial economics and point out its chief characteristic. How Macro-economics useful to managerial economics? (Dec 02)

47. Discuss law of demand how do you correlate it with the unemployment problem in India general and to engineering in particular? (May 01)

48. Answer the following four
   i. Managerial Economics
   ii. Law of Demand
   iii. Macro Vs Micro Economics
   iv. Economics of scale (May 01)

49. What is the law of demand its assumptions? (May 2000)

50. Explain how managerial economics related to economics statistics and accounting? (May 2000)

51. What is the relation of Managerial Economics to other science? Explain its scope and importance in the managerial decision - making of a firm. (Nov 99)

52. Differentiate between derived demand and autonomous demand and superior goods and inferior goods. (Nov, 2010)

53. What is a budget line? What is its role in the determination of consumer’s equilibrium? (Nov, 2010)

54. What are the major areas of business decision making? How does economic theory Contribute to managerial decisions? (Nov, 2010)
55. Managerial Economics is economics applied to decision-making. Explain (Nov, 2010)
56. How does the analysis of demand contribute to business decision making? (Nov, 2010)
57. What is meant by utility? How does it figure in the analysis of consumer demand? (May, 2011)
58. Managerial Economics is applied microeconomics. Elucidate (May, 2011)
59. How does the analysis of demand contribute to business decision making (May, 2011)
60. What is the utility of demand forecasting? How is the demand for new products estimated? (May, 2011)
61. Managerial Economics is prescriptive rather than descriptive in character. Discuss (May, 2013)
62. Explain Law of demand
63. In the present day competition in market, sales managers find it difficult to assess future demand what techniques do you suggest for demand forecasting? (June 14)
64. What is price elasticity? How would you measure it? What is its significance in business? (May, 2013)
65. Write short note on (Dec-11)
   (a) Time series (b) Regression (c) Accountability (d) Test marketing.
66. Explain reasons for inverse relationship between price of a commodity & quantity demanded of it? (Dec-11)
   1998 1999 2000 2001 2002 2003
   50  60  65  72  79  75.
68. What are the needs for demand forecasting. Explain the various steps involved in demand forecasting. (Nov, Sep, May, Feb 08, Nov, May 07)
69. What is meant by elasticity of demand. How do you measure it? (Nov, May 08, 07)
70. What is meant by Elasticity of demand. What are the factors that determine the elasticity demand? (Nov, Sep 08)
71. Define Income Elasticity of Demand and explain its role in business decisions? (Nov, Feb 08, May 2000)
72. i. What is meant by Elasticity of demand
   ii. Determine price elasticity of demand given that the quantity demanded of a product is 1000 units when its price is Rs. 100 and when the price declines to Rs. 70, demand increases to 1100 units. (Nov 08)
73. What are the various methods of demand forecasting. Evaluate various survey based demand forecasting methods. (Nov 08)
74. Explain the concept cross elasticity of demand. Illustrate your answer with suitable examples. How is it different from price elasticity of demand? (Sep 08, May 07)
75. What is meant by Elasticity of demand. How is it useful for a managerial economist in decision making? (May 08)
76. Explain briefly the following methods of forecasting demand.
   i. Barometric method
   ii. Expert opinion method
   iii. Time series analysis
   iv. End user method (May 08, Sep 06)
77. i. What do you understand by Elasticity of demand. How is it classified.
   ii. Determine price elasticity of demand given that the quantity demanded of a product is 1000 units when the price is Rs. 100 and when the price declines to Rs. 90, demand increases to 1500 units. (Feb 08)
78. Explain Income Elasticity of demand and its significance in making business decisions (Feb 08)
79. Define 'Demand' and explain the factors that influence the demand of product. (Nov 07)
80. i. Define income-elasticity of demand. How does income-elasticity differ from price elasticity of demand?
ii. How is cross elasticity of demand computed?  

81. What is promotional elasticity of demand? How does it differ from cross elasticity of demand?  

82. Discuss the utility of demand forecasting. What is the criteria of a good forecasting method? For  
i. New products  
ii. Existing products  

83. Explain the following forecasting methods.  
i. Expert opinion method  
ii. Time series analysis  

84. i. What are the possible approaches to forecasting demand for new products?  
ii. Discuss the utility of demand forecasting.  

85. i. Explain the various factors that influence the demand for a computer.  
ii. What is cross elasticity of demand? Explain.  

86. Define price, elasticity of demand. What are the various degrees of price elasticity. Illustrate graphically. What factors enable us to find whether the degree of demand for a product is elastic or inelastic  

87. Discuss the application of demand forecasting for new products.  

88. Explain the concepts and kinds of elasticity of demand that are relevant to the manager of a firm  

89. Describe the various methods of measurement of price elasticity of demand?  

90. What is meant by elasticity of demand? What are the determinants of elasticity and inelasticity of demand for a product?  

91. Define Elasticity of Demand? And explain how it is classified and sub-classified?  

92. Define price elasticity of demand, what are various degrees of price elasticity? Illustrate graphically?  

93. Calculate elasticity of Demand?  
   Q1 = 4000 P1 = Rs. 20  
   Q2 = 5000 P2 = Rs. 19  

94. Explain the need for distinguishing between durable and nondurable goods in demand forecasting  

95. The quantity demanded of any good appears to depend upon utility, price and income - Elucidate?  

96. What are the possible approach of forecasting demand for new products? Discuss the utility of demand forecasting?  

97. Explain the trend projection method and collective opinion method of demand forecasting?  

98. What are the factors that are considered while estimating firm’s sales? Enumerate the difficulties in forecasting sale of consumer durables?  

99. Forecasting the demand for a new product poses special problems. How it possible to overcome them?  

100. What is meant by elasticity of demand? Explain giving a suitable illustration, how elasticity of demand determine the price policy of firm.  

101. Exceptions to elasticity. Elaborate. (May 02)

102. Explain: i. Elasticity of demand, ii. Macroeconomics (May 02)

103. What is cross elasticity of demand? Is it positive for substitutes or for compliments? Show in a diagram the curve relating the demand for coffee to the price of tea. (Jun 02)

104. Explain the following elasticity concepts (May 01)
   i. Industry elasticity
   ii. Market share elasticity
   iii. Exceptions elasticity?

105. How does income elasticity differ from income sensitivity. Explain with example. (May 01)

106. What do you mean by demand forecasting? Explain in detail the price income and cross elasticities of demand. (May 01)

107. What is demand forecasting and pricing objective? (May 2000)

108. Give comprehensive note of the following demand, elasticity. (May 99)

109. “Elasticity of demand and is a common device for describing the shape of the demand function. In general it measures the sensitivity of sales to changes in a particular casual factor. “Explain this statement with help of diagrams examples and types or kinds of demand elasticity. (May 99)

110. Which of the following commodities has the most inelastic demand and why? (May 2011)

111. Explain the regression method of demand forecasting. Compare this method with trend method. (May, 2011)

112. Distinguish between slope and elasticity of demand curve. Find the relation between price and marginal revenue with reference to price elasticity of demand. (May, 2011)

113. Distinguish between equilibrium price and market price. (May, 2011)

UNIT-II

1. Define ‘production function’ How does Iso quant analysis he useful to determine least cost combination of factor inputs? (June 14)

2. Economics of scale may be either internal or external, they may be technical, managerial, Financial or risk bearing (MAY, 2013)

3. Explain why a rm cannot have Iso quants intersecting each other. How a return to scale is captured in an Iso quant map? (Dec-11)

4. Explain the short run inuences and the costs. (Dec-11)

5. What is production function? What is its role in the analysis of rm’s production activities? (Dec-11)

6. Write short notes on the following:
   i. Isoquants
   ii. Least cost combination of inputs
   iii. Budget line
iv. Marginal rate of Technical substitution. (Nov 08)

7. i. What are Isoquants? Explain the chief characteristics of Isoquants?
ii. What do you understand by Least Cost Combination of inputs and how can it be achieved. (Nov 08)

8. i. Define ‘Cost’. How are costs classified?
ii. Explain any five important cost concepts useful for managerial decisions. (Nov 08)

9. i. Draw a diagram of profit graph.
ii. You are required to calculate
   a. Margin of Safety
   b. Sales
   c. Variable Cost from the Following figures: Fixed Costs Rs.12000, Profit, Rs.1000, Break-Even Sales=Rs.60000

10. i. State and explain Breakeven analysis and explain its importance.
    ii. Discuss the significance of profit-volume ratio, angle of incidence and margin of safety in Breakeven analysis. (Nov 08)

11. i. What do you understand by ‘Law of increasing Returns?’ What causes make increasing returns operate?
    ii. When do you notice ‘constant returns’ arising?
    iii. Do diminishing returns apply only for agriculture or any other fields? (Nov 08)

12. “Break even analysis provides the management with a simplified framework for an organization which is thinking on a number of problems” ? Discuss. (Nov 08)

13. Answer briefly the following and also use necessary diagrams.
    i. Law of variable proportions
    ii. Laws of returns in production (Nov 08)

14. i. Distinguish between the following:
   a. Average cost and Marginal cost
   b. Explicit cost and implicit cost
   c. Short run average cost and long run average cost
   d. Variable cost and semi variable cost
   ii. Diagrammatically represent the relationship between Average Fixed Cost, Average variable cost, Unit cost and Marginal cost. (Sep, May 08, Nov, May 07)

15. i. Define ‘Cost’. How are costs classified?
    ii. Explain any five important cost concepts useful for managerial decisions. (Sep 08, May 07)

16. i. State and explain Breakeven analysis and explain its importance.
    ii. Discuss the significance of profit-volume ratio, angle of incidence and margin of safety in Breakeven analysis. (Sep 08, May 07)

17. i. What is a production function and explain its importance.
    ii. Briefly explain Cobb-Douglas production function and its significance. (Sep 08)

18. Explain in detail the three stage production function and also represent diagrammatically. (May 08)

19. i. "To reach Breakeven position means to reach zero point" In the light of the above statement explain how output, cost and revenue relationship can be established. (May 08, Nov 07)
    ii. What are its limitations?
    iii. Use suitable diagrams.

20. i. Discuss the law of variable proportions and also represent the same diagrammatically. (May 08)
    ii. What are the assumptions for the application of law of variable proportions.
21. i. With a neat diagram represent
   a. Angle of incidence
   b. Margin of safety in sales volume
ii. From the following figures you are required to calculate:
   a. P/V Ratio
   b. Break-Even Sales Volume
   c. Margin of Safety and
   d. Profit.
   Sales Rs.4000,
   Variable Cost Rs.2000, Fixed Cost Rs.1600
   (May 08)

22. “Break even analysis provides the management with a simplified framework for an organization which is
    thinking on a number of problems”? Discuss. (May 08)

23. Explain and illustrate the following: and also mention why do they arise
   i. The Law of constant Returns.
   ii. The Law of increasing Returns. (May 08)

24. A company prepares a budget to produce 3 lakh units, with fixed costs as Rs.15 lakhs and average variable
    cost of Rs.10 each . The selling price is to yield 20% profit on cost. you are required to calculate
   i. P/V ratio.
   ii. Break even point. (May 08)

25. i. What are the components in a ‘break even chart’? How is it prepared ? What are the assumptions for adopting
    ‘Break even theory’? (May 08)

26. If actual sales are 10,000 units and selling price is Rs.20 per unit, variable cost Rs.10 per unit and fixed cost
    is Rs.80,000 find out BEP in units and in sales revenue. What is profit earned? What should be the sales
    required for earning a profit of Rs.60,000? (May 08)

27. i. Distinguish between returns to factors and returns to scale.
   ii. Explain laws of Returns. (May 08)

28. Explain and illustrate the following: and also mention why do they arise
   i. The Law of constant Returns.
   ii. The Law of increasing Returns. (Feb 08, May 07)

29. i. Define and explain diminishing returns to variable factor and why does it happen?
   ii. Use suitable diagrams in support of your answer. (Feb 08)

30. If selling price per unit Rs. 12, variable cost per unit Rs.8, Fixed cost Rs.40000 find out?
    i. Break even sales units and value.
    ii. Profit when sales are Rs.300000
    iii. Margin of safety when sales are Rs. 350000. (Feb 08)

31. Explain the following concepts and point out their relevance in managerial decisions. (Nov 07)
   i. Opportunity cost
   ii. Marginal cost
   iii. Contribution margin
   iv. Margin of safety

32. i. Define and explaining returns to variable factor and why does it happen.
   ii. Use suitable diagrams in support of your answer. (Nov 07)

33. i. Discuss the benefits and limitations of Break even Analysis.
ii. With assumed data, illustrate the following:
- Breakeven output and sales value
- Margin of safety
- P/v ratio
- Output to achieve targeted profit  (May 07)

34. i. The information about Raj and Co., are given below:
   a. Profit-Volume Ratio 20%
   b. Fixed Cost Rs.36,000
   c. Selling price per unit Rs.150
ii. Calculate:
   a. BEP (in Rs.)
   b. BEP (in units)
   c. Variable cost per unit
   d. Selling price per unit. (May 07, Sep 06)

35. i. Distinguish between returns to factors and returns to scale.
ii. Explain laws of Returns. (Sep 06)

36. Explain the following with reference to production function,
   i. Marginal rate of Technical substitution
   ii. Variable proportions of factors. (Sep, May 06, May 05, Dec 04)

37. i. What is meant by Break-Even Analysis? Explain the uses and limitations of BEP.
ii. Appraise the usefulness of Break-Even Analysis for a multi product organization. (Sep 06)

38. Explain and illustrate Laws of Returns. (Sep 06)

39. You are given the following information about two companies in 2000. (Sep 06)
   Particulars
<table>
<thead>
<tr>
<th>Company A</th>
<th>Company B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>Rs.50,00,000</td>
</tr>
<tr>
<td>Fixed Expenses</td>
<td>Rs.12,00,000</td>
</tr>
<tr>
<td>Variable Expenses</td>
<td>Rs.35,00,000</td>
</tr>
</tbody>
</table>
   A friend seeks your advice as to which company’s shares he should purchase. Assuming the Capital invested is equal for the two companies, state the advice that you will give.

40. Explain the principle of least cost combination of factors with reference to production function. (Sep 06)

41. Explain the utility of Break-Even Analysis in managerial decision-making. (Sep 06)

42. Explain the following:
   i. Internal Economies
   ii. External Economies. (May 06)

43. How do you determine BEP in terms of physical units and sales value? Explain the concepts of margin of safety and the angle of incidence. Illustrate through a breakeven chart. (May 06, Nov 05, June 04)

44. Define production function. Discuss in detail the different types of production functions. (May, Mar 06, July 03)

45. Write short notes on the following:
   i. Profit- Volume Ratio
   ii. Margin of Safety
   iii. Angle of incidence
   iv. Contribution. (May 06, Dec 04)
46. Why does the law of diminishing returns operate? Explain with the help of assumed data and also represent in a diagram.  
(May 06, Nov, May 05, Dec 04)

47. Write short notes on the following:
   i. Fixed cost and variable cost
   ii. Implicit cost
   iii. out of pocket cost
   iv. sunk cost.  
(Mar 06)

48. The PV ratio of Matrix Books Ltd, is 40% and the margin of safety is 30% You are required to work out the BEP and Net profit, if the sales volume is Rs. 14,000 (Mar 06, June 04)

49. A company reported the following results for two periods. 
   (Nov 05)
   Period | Sales | Profit
   I      | Rs.20,00,000 | Rs.2,00,000
   II     | Rs.25,00,000 | Rs.3,00,000

   Assert the BEP, P V Ratio, Fixed Cost and margin of safety.

50. What cost concepts are mainly used for managerial decisions? Illustrate.  
(Nov 05)

51. You are given the following information about two companies in 2000. Compare the two companies.
   Particulars Company A Company B  
   (May 05)
   Sales
   Rs. 50,00,000
   Rs. 50,00,000
   Fixed expenses
   Rs. 12,00,000
   Rs. 17,00,000
   Variable expenses
   Rs. 35,00,000
   Rs. 30,00,000

52. Define production function. Explain how if helpful for a producer.  
(Dec 04)

53. Write short notes on  
   (Dec 04)
   i. explicit cost
   ii. short run cost
   iii. implied cost
   iv. variable cost

54. Distinguish between variable cost and semi variable cost, implied cost and opportunity cost in the suitable examples.  
(Jun 04)

55. What is meant by internal and external economies of scale? 
   What are the sources of internal and external economies? 
   Discuss various types of internal economics available to a firm?

56. Discuss the equilibrium of the firm with the technique of isoquants.  
(Jun 04)

57. The information about Raj and Co., are given below.  
   (Jun 04)
   i. P/V Ratio - 20%
   ii. Fixed cost - Rs. 36,000/-
   iii. Selling price per unit - Rs. 150
   Calculate
   i. BEP (Rs)
   ii. BEP (Units)
   iii. Variable cost per unit
iv. Selling price per unit

58. Distinguish between production and cost function? How would you develop the production function? What are its uses? (Jun 04, May 99)

59. i. What are Isocosts and Isoquants? Do they intersect each other? (Jun 04)
   ii. Explain Costs-Douglas production function.

60. Sales are Rs. 1,10,000/- producing a profit of Rs. 4,000/- in period-I sales are Rs. 1,50,000 producing on profit of Rs. 12,000/- in period-II. Determine BEP and fixed expenses. (Jun 04)

61. What do you mean by firms production function? Suppose the price of one input goes up. How does this affect the firms production function? (Jul 03)

62. What is optimum combination? Explain the principle of least cost combination of a factor? (Jul 03)

63. Describe the Break-even point with the help of diagram and its uses in business decision-making. (Jul 03)

64. “All costs are available in the long run” - Explain. (Jul 03)

65. What is input, output analysis? What are its uses? (Nov 2000)

66. What is break-even analysis? How is it useful in determine the output of a firm? (Nov 2000)

67. Explain the utility of Break-Even Analysis in managerial decision-making. (Nov 2000)

68. From the following information find out:
   i. BEP in sales (Rs)
   ii. P/V ratio
   iii. Margin of safety
   iv. Sales to get on profit of Rs. 1,50,000/-
   v. verify the results in all the above cases
   Information: Fixed cost Rs. 3,00,000/- variable cost Rs. 20/- P.U. selling price per unit Rs. 28/- (Nov 2000)

69. Bring out difference between
   i. Production Vs productivity
   ii. Marginal product Vs Average product.
   iii. Increasing returns to scale Vs Decreasing returns to scale as applied to production. (May 98)

70. Answer any two of the following
   i. Uses of break-even analysis
   ii. Production function
   iii. Internal and External economics
   iv. Cost-phos pricing (May 99)

71. From the following information calculate
   i. BEP paints in units and in rupees
   ii. Margin of safety
   iii. profit volume ratio
   iv. New BEP print of selling price inverses by 20%
   Information: Production and sales 10,000 units @ Rs. 20/- per unit
   Variable cost - Rs. 14/- per unit
   Fixed cost - Rs. 50,000 (May 99)

72. Discuss the assumptions and managerial uses of break-even analysis. (May 99)
73. From following data of Radha, calculate Break-even point of the business. sales - Rs. 70,000/-, variable cost Rs. 30,000/- fixed cost Rs. 20,000/-  
   (May 99)  
74. Discuss briefly different cost concepts relevant to managerial decision making  
   (Nov, 10)  
75. Explain with illustrations, the distinction between the following  
   (Nov, 2010)  
   a) Fixed Cost  
   b) Variable Cost  
   c) acquisition cost and opportunity cost  
76. What are the laws of variable proportions? Explain the three laws of production.  
   (Nov, 2010)  
77. Show the effects of change in input prices on the isocost line. How is the optimum combination of inputs affected if  
   (Nov, 2010)  
78. What are the laws of variable proportions? Explain the three laws of production.  
   (May, 2011)  
79. Distinguish between:  
   a) Direct Costs and Indirect Costs  
   b) Incremental Costs and Sunk Costs  
   c) Past Costs and Future Costs and  
   d) fixed costs and variable costs  
80. Explain economies of scale. distinguish between return to a factor and returns to a scale.  
   (May, 2011)  
81. Discuss briefly different cost concepts relevant to managerial decision making  
   (May, 2011)  

UNIT-III  
1. How are markets classified? What are the principal differences between perfect competition, monopoly and monopolistic competition?  
   (June 14)  
2. What are the determinants of cost behaviour? Emunarate the different approaches for estimating cost functions.  
   (May, 2013)  
3. Discuss the main features and meaning of monopolistic market situations. Draw a diagram to show equilibrium of the firm with excess capacity.  
   (May, 2013)  
4. How price is determined under monopoly? Explain with suitable diagram?  
   (Dec-11)  
5. What is monopolistic competition? Explain its important features?  
   (Dec-11)  

6. i. What are the principal differences between monopoly and perfect competition?  
    (Nov, Sep 08)  
   ii. Supplement your answer with appropriate diagrams in both the cases.  
7. i. Define market and explain how markets are classified?  
   (Nov, Sep, May, Feb 08, 07, Nov 05)  
   ii. What are the important features in any market structure?  
8. i. What are the causes for the emergence of Monopoly?  
   (Nov 08)  
   ii. Elaborate how price output decision can be taken by a monopolist.  
9. 'A competitor under conditions of perfect competition is only price taker and quantity adjustor' - In the light of the above statement, discuss clearly the important features of perfect competition and how price output decisions can be taken.  
   (Nov, Sep 08, Nov 07)  
10. i. What are the features of monopolistic competitions?  
    (Nov, May 08)  
   ii. Explain the differences between monopolistic competition and perfect competition.  
11. i. What are the salient features of Monopoly?  
    (Sep, May 08)  
   ii. In what different aspects monopoly is distinct from perfect competition  
12. Define markets? Elaborate how differently are markets classified?  
   (May 08, 07)  
13. What is a Market? Explain, in brief, the different Market structure?  
   (May 08)  
14. i. What are the main features of Monopoly? How does it differ from Perfect competition?
ii. What are the various forms of discrimination? Under what conditions price discrimination can be practiced? (May 08)

15. Write short notes on the following:
   i. Product differentiation (May 08)
   ii. Market skimming
   iii. Super normal profits
   iv. Shut down price. (May 08)

16. i. Explain in detail, the important features of perfect competition. (Nov 07)
    ii. How can a competitor attain equilibrium position under conditions of perfect competition?

17. i. Define and explain the concept ‘Monopoly’ and discuss how absolute monopoly is different from imperfect monopoly? (May 07)
    ii. What are the salient features of monopolistic competition?
    iii. Distinguish between ‘Monopoly’ and Monopolistic competition. (May 07)

18. i. What do you understand by ‘Price discrimination’ and on what basis price can be discriminated? (May 07, July 03)
    ii. Do you notice any benefit of price discrimination.

19. Give conditions of imperfect competition? How is market Price determined under conditions of Perfect Competition? (Sep 06, Nov 05)

20. How does an individual firm behave under perfect competition. also explain the firm and industry equilibrium under perfect competition. Supplement your answer with suitable diagrams. (Sep 06, Dec 04, Jan 03)

21. Compare and contrast between perfect competition and monopoly. (Sep 06, Nov, May 03)

22. Perfect competition and monopolistic competition. Compare (Sep 06)

23. i. What are the characteristics of a business unit?
    ii. Explain the features of sole trader form of organization. Discuss the advantages and limitations of sole trader form of organization. (Sep 06)

24. What is Perfect Competition? How is market Price determined under conditions of Perfect Competition? (May 06)

25. i. What are the causes for the emergence of monopoly?
    ii. How is the equilibrium position attained by a monopolist under varying cost conditions? (May 06)

26. Define Monopoly. How is it further classified? How is price determined under Monopoly? (May 06)

27. Define markets? Elaborate how differently are markets classified? (Mar 06)

28. Explain the role of time factor in the determinations of price. also explain price output determination in case of perfect competition. (Mar 06, July 03)

29. Explain how an individual firm attains equilibrium is the short run and in the long run under conditions of perfect competition? (May 05, July 03)

30. Explain the following with the help of a table and diagram under perfect, competition and monopoly. (May 05)

31. How does a monopoly firm attain equilibrium under different conditions? the following with the help of a tale and diagram under perfect-competition and monopoly. (May 05)
Discuss the equilibrium price determination perfect competition.  

Distinguish between perfect and imperfect markets.  

What are the different market situation in imperfect competition?  

Monopoly is disappearing from markets. Do you agree with this statement? Do you advocate form monopoly to continue in market situations?  

What are the features of monopoly? Explain how a monopolist can attain equilibrium position?  

Illustrate price determination under monopoly?  

Define monopoly. How is price under monopoly determined?  

Explain long-run cost curves of a firm.  

Distinguish between Perfect Competition and Monopoly.  

What is shut down point? Explain why a firm suffering from losses still decided to operate and not quit the market.  

Distinguish between market price and normal price. Discuss the significance of time element in the determination of price under perfect competition.  

What are the main features of monopoly? How does it different from perfect competition?  

What is a market? Explain in brief, different market structures?  

Define monopolistic competition and give a few examples.  

Discuss price determination in industry under perfect competition.  

What do you mean by perfect competition and monopoly? Explain the significance.  

Draw a diagram showing the equilibrium of a firm under monopoly and explain its mechanics especially when the firm is trying to minimize its losses.  

“In a completely competitive market no one transaction can influence the price of a commodity? Do you agree with this statement?  

Explain the characteristics of perfect market. Give a brief account of types of imperfect markets.  

What is meant by pricing policy? Explain the utility of cost-plus pricing.  

Compare the results of perfect competition and monopoly in respect of price, output and profits.  

“No monopolist will ever fix the output of his product at any level where the  

What are general considerations of Pricing policy? Describe he factors which help price forecasting.  

What is Monopoly? Discuss the price-output policy of a monopolist.  

Examine the nature of equilibrium for a monopolist. Is it necessarily true that the equilibrium output of monopolist will be smaller than that of a competitive seller?  

Distinguish between private sector and public sector. What is the criteria for selecting the right form of organization in private sector?  

Define business and explain its characteristics.  

Differentiate between public and private companies.
58. Dene joint Hindu family business. Explain its merits and demerits? (Dec-11)
59. What is business? Explain its characteristics. (Dec-11)
60. What are the pros and cons of privatisation? (Nov, Sep 08)
61. Discuss about the short-comings of the public sector enterprises in India and what is their future? (Nov, May 08)
62. Explain the features of sole trader form of organization. Discuss the merits and demerits of sole trader form of organization. (Nov, May, Feb 08)
63. What are the reasons for introducing company form of organizations and what are its merits and limitations? (Nov, May 08)
64. What are the differences between a partnership business and company form of organization? (Nov 08, 07)
65. Differentiate between Partnership an Joint Stock Company. (Nov 08, Jan 03)
66. Write short note on the following:
   i. Limited Liability
   ii. Public and Private Companies
   iii. Memorandum of Association
   iv. Govt. Company
   (Nov 08)
67. i. What is a partnership deed?
   ii. Outline the types of partners and comment on the limitations of partnership business. (Nov 08)
68. i. Explain the features of a company.
   ii. What are its advantages and disadvantages? (Sep 08)
69. "In the changing business environment the public sector enterprises should follow the principles of business" Is it true? (Sep, May 08, Nov 07)
70. Analyze the factors that help in choosing a suitable form of business organization in public and private sectors. (Sep 08)
71. Write a short notes on
   i. Departmental undertaking
   ii. Government company
   iii. Public corporation. (May 08)
72. Why some companies with good beginning disappear slowly? (May 08)
73. Write short notes on:
   i. Sole Trader
   ii. Statutory corporation
   iii. Departmental organization and
   iv. private limited companies (May 08)
74. Evaluate the partnership form of business organization. How does it overcome the limitations of sole trading? (Feb 08)
75. “Company form of organization is essential for the development of industrial sector in India” Support this statement with suitable Justifications. (Feb 08, May 07)
76. Briefly discuss about the different types of business organizations. (Nov 07)
77. Define partnership business and discuss the merits and limitations of partnership. (Nov 07)
78. Analyse the problems of the public sector enterprises and suggest remedial measures for their improvement. (May 07)

79. i. Analyse the formation of a joint stock company
   ii. What are the different types of companies? (May 07)

80. Discuss the factors that help in choosing a suitable form of business organization in private, and public sector. (May 07)

81. Discuss the features of company types of business organisation (May 07)

82. i. Define ‘partnership’ and explain its salient features. And limitations.
   ii. What Qualities do you expect in persons to become good partners in business. (Sep 06, Nov 05)

83. Define and evaluate statutory corporations. (Sep 06, Nov 05)

84. Evaluate the partnership form of business organization. How does it overcome the limitations of proprietary form of business? (May 06, Nov 05)

85. What do you understand by joint stock company? What are its salient features? (May 06, Jan 03)

86. What are the factors governing the choice of form of business organisation and elaborate the steps involved in establishing the organisation. (Mar 06)

87. i. What are the characteristics of a business unit?
   ii. Explain the features of sole trader form of organization. Discuss the advantages and limitations of sole trader form of organization. (Mar 06)

88. Explain different types of business organizations. What are the differences between proprietary and partnership business. (Jan 03)

89. Explain various features and problems of public sector enterprises. (Jan 03)

90. What is the need for public enterprises? Explain the recent achievement of public enterprises? (Jan 03)

91. Distinguish between a departmental undertaking and a government company. (Jan 03)

92. What are the reasons for Joint Stock company being popular as a form of organization for state enterprises? (Jan 03)

93. Explain the need for public enterprise in India. Do you think public enterprises as a whole have fulfilled that need? (Jul 03)

94. Evaluate the government company form of public enterprise. (Jul 03)

95. Discuss the factors affecting the choice of forms of business organization. (Jul 03)

96. a) What are the different kinds of companies?
   b) Explain the formations of joint stock company. (Nov, 10)

97. What do you understand by public enterprise? Explain the need for public enterprises in India (Nov, 2010)

98. What do you understand by cooperative societies? Discuss the features, advantages & limitations of cooperative societies. (Nov, 2010)

99. a) Critically evaluate the LPG polices
   b) Explain the measures of liberalization. (Nov, 2010)

100. What are the basic functions of business managers? How does economics help business Managers in performing their functions? (May, 2011)

101. a) Discuss the factors that help in choosing a suitable form of business organization.
    b) Evaluate the Govt. Company form of public enterprise. (May, 2011)
Analyze the problems of the Govt. Company and suggest remedial measures for their improvement. (May, 2011)

103. a) Explain the need for public enterprise in India.
   b) What are the different types of public enterprises? (May, 2011)

104. Show that price is higher and output is smaller under monopoly compared to those under perfect competition. (May, 2011)

UNIT- IV

1. a) What are the limitations of Breakeven Analysis? (June 14)
   b) From the following information, compute break even output and total Revenue required to earn a profit of Rs.60,000. Fixed overheads: Rs. 48,000, variable cost per unit Rs. 4.00 and selling price per unit Rs. 12.00.

2. a) What do you mean by discounted cash flow techniques?
   b) Explain NPV and probability index methods to fulfill the requirements of time value money. (May, 2013)

3. A company is considering two investment opportunities (A and B) that cost Rs. 4,00,000 and Rs. 3,00,000 respectively. The first project generates Rs. 1,00,000/- a year for four years. The second generates Rs. 60,000/-, Rs. 1,00,000/-, Rs. 80,000/- Rs. 90,000/- and Rs. 70,000 over a five year period. The company's cost of capital is 8%. Which project would you choose under NPV method? (Nov, Sep 08, Nov 07)

4. Write short notes on the following: (Nov 08, 07)
   i. Public deposits
   ii. Time value of money
   iii. Circulating capital
   iv. Investment evaluation.

5. Following is the information in respect of the three projects A, B, and C.

6. If the cost of capital for all the three projects is 10%, rank them using NPV method and simple payback method. (Nov 08)

7. i. What is the importance of capital?
    ii. What factors determine the working capital requirements of a company? (Nov, May 08, 07)

8. Explain the right procedure for a capital budgeting decision (Nov, May 08, 07)

9. Write short notes on the following: (Nov, Sep 08)
   i. Shares
   ii. Bonds and debentures
   iii. Working capital

10. Write short notes on the following: (Nov 08)
    i. Non-Cumulative preference shares
    ii. Trade credit
    iii. Transfer of shares
    iv. Discount Factor

11. Explain the concept of capital budgeting and what is its practical utility? (Nov 08)

12. Compare and contrast the NPV and ARR methods of evaluating investment proposals and illustrate. (May 08)

13. The Proforma cost sheet of a company provides the following particulars. (May 08)
   Elements of Cost
Material - 40%
Labour - 20%
Overheads - 20%

The following further particulars are available
(a) Proposed level of activity - 2,00,000 Units
(b) Selling Price - Rs. 12/- per unit
(c) Raw material stocks - One month
(d) Work in Process - 1/2 month
(e) Finished goods stock holding - 1 month
(f) Credit allowed to debtors - 2 months
(g) Credit allowed by creditors - one month

You are required to prepare a statement of working capital requirement.

14. What is meant by discounting and time value of money? How is it useful in capital budgeting? (May 08, 05)

15. Define ‘accounting rate of return’ and ‘Pay back period method’? Compare and contrast the two. Illustrate with assumed data. (May 08, 07)

16. A company is considering two investment opportunities (A and B) that cost Rs. 4,00,000 and Rs. 3,00,000 respectively. This first project generates Rs. 1,00,000 a year for four years. The second generates Rs. 60,000, Rs. 1,00,000, Rs. 80,000, Rs. 90,000 and Rs. 70,000 over a five year period. The company cost of capital is 8% which project will you choose under NPV method? (May 08, Jul 03)

18. Given that a project yields the following cash inflows for six years at an original cost of Rs. 50,000 (May 08)

19. What is the importance of capital budgeting? Explain the basic steps involved in evaluating capital budget proposals? (Feb 08, Jan 03)

20. Are there any considerations other than profitability to be made in managerial decisions about investment proposals? Explain them. (Feb 08)

21. Explain the concept of capital budgeting and what is its practical utility? (Feb 08)

22. Give a comparative description of various methods of ranking investment proposals by using assumed data. (Nov 07)

23. Write short notes on the following:
   i. Cumulative preference shares
   ii. Customer advances
   iii. Equity Shares
   iv. Fixed capital.

24. What are major sources of short term finance? Evaluate. (May 07, July 04, 03)

25. What are the merits and limitations of Pay Back period? How does Discounting approach overcome the limitations of Pay back method? (Sep 06, June 04)

26. The following are the details pertaining to a company which is considering to acquire a fixed asset:
   Project A: Cost of the proposal: Rs. 42,000, Life 5 years, Average after Tax annual cash inflow Rs.14,000. (Constant)
   Project B: Cost of the proposal Rs. 45,000, Life 5 years
   Annual cash inflows: 1st year Rs. 28000, 2nd year Rs.12000, 3rd year Rs.10,000 4th year Rs.10,000 and 5th year Rs.10,000. Determine IRR. Which project do you recommend? (Sep 06)

27. What do you understand by time value of money? How is it helpful in Capital Budgeting? (Sep 06, June 04)

28. Determine the pay back period for the information given below (May 06)
i. The project cost is Rs. 20,000
ii. The life of the project is 5 years
iii. The cash flows for the 5 years are Rs. 10,000; Rs. 12,000; Rs. 13,000; Rs. 11,000 and Rs. 10,000 respectively and iv. Tax rate is 20%. (May 06)

29. i. Describe the institutions providing long term finances.
   ii. What are the different market situations in imperfect competition? (May 06)

30. A company prepares a budget to produce 3 lakh units, with fixed costs as Rs. 15 lakhs and average variable cost of Rs. 10 each. The selling price is to yield 20% profit on cost. You are required to calculate
   i. P/V ratio
   ii. Break even point (Mar 06)

31. The following are the details pertaining to a company which is considering to acquire a fixed asset:
   Project A: Cost of the proposal: Rs. 42,000, Life 5 years, Average after Tax annual cash inflow Rs. 14,000. (Constant)
   Project B: Cost of the proposal Rs. 45,000, Life 5 years
   Annual cash inflows: 1st year Rs. 28,000, 2nd year Rs. 12,000, 3rd year Rs. 10,000 4th year Rs. 10,000 and 5th year Rs. 10,000. Determine IRR. Which project do you recommend? (Mar 06)

32. Consider the case of the company with the following two investment alternatives each costing Rs. 9 lakhs. The details of the cash inflows are as follows:
<table>
<thead>
<tr>
<th>Year</th>
<th>Project 1 (Rs. in Lakhs)</th>
<th>Project 2 (Rs. in Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>
   The cost of capital is 10% per year. Which are will you choose i. under NPV method, ii. under IRR method? (Mar 06)

33. What factors determine working capital requirement in the firms. (Nov 05)

34. List out the long term sources of finance of a firm. (May 05, Jun 04)

35. The proposals in respect of the following two project are to be examined using
   i. Payback method
   ii. Accounting rate of return method. Initial investment for both projects Rs. 20,000. Estimated cash flows:
   after case are as follows. (May 05)


36. What are the merits and limitations of payback period? How does discounting approach overcome the limitations of payback method? (May 05)

35. What is accounting rate of return and Payback period? Compare and contract the two? (Jun 04)

36. What is meant by discounting and accounting rate of return? Compare and contrast rate of returns the two. (Jun 04)

37. Explain the factors affecting the requirement of working capital? (Jun 04)
38. A business firm is thinking of choosing the right machines for their purpose after financial evaluation of the proposal. The initial cost and the net cash flow over five years (income less running expenses but not depreciation) to the business firm have been calculated for each machine as follows.  

<table>
<thead>
<tr>
<th>Net cash flow</th>
<th>Machinex</th>
<th>Machinex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>8,000</td>
<td>10,000</td>
</tr>
<tr>
<td>2 year</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>3 year</td>
<td>9,000</td>
<td>12,000</td>
</tr>
<tr>
<td>4 year</td>
<td>7,000</td>
<td>9,000</td>
</tr>
<tr>
<td>5 year</td>
<td>6,000</td>
<td>9,000</td>
</tr>
</tbody>
</table>

Choose the machine based on
a. Payback period  
b. accounting rate of return

39. Given the following information in respect of the two project proposals, rank them by applying the criteria of  
i. Payback period.  
ii. ARR. Initial Investment : 25,000/-  

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposal 1</th>
<th>Proposal 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11,750</td>
<td>13,500</td>
</tr>
<tr>
<td>2</td>
<td>12,250</td>
<td>12,500</td>
</tr>
<tr>
<td>3</td>
<td>12,500</td>
<td>12,250</td>
</tr>
<tr>
<td>4</td>
<td>13,500</td>
<td>11,750</td>
</tr>
</tbody>
</table>

40. A company has at hand two proposals for consideration (M and N). The cost of the proposals in both the cases is Rs. 50,000/- each. A discount factor of 12% may be used to evaluate the proposals cash inflows after taxes are as under.  

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposal M</th>
<th>Proposal N</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>2</td>
<td>2,00,000</td>
<td>50,000</td>
</tr>
<tr>
<td>3</td>
<td>3,50,000</td>
<td>2,00,000</td>
</tr>
<tr>
<td>4</td>
<td>4,50,000</td>
<td>3,00,000</td>
</tr>
<tr>
<td>5</td>
<td>1,00,000</td>
<td>2,00,000</td>
</tr>
</tbody>
</table>

41. Differentiate between recommend under present value method? Techniques of capital budgeting  

42. Explain various steps involved in capital budgeting technique.  

43. Explain the importance of operating cycle in estimating working capital needs.  

44. What do you understand by working capital cycle and what is its importance?  

45. Describe the institutions providing long term finances?  

46. What is shutdown point? Explain why a firm suffering from losses still decides to operate and not quit the market.  

47. Given that a project yield the following cash in flows for six years at an original cost of Rs. 50,000/- determine IRR.  

48. Explain the discounted cash flow techniques?  

49. What is capital budgeting? Explain payback method with suitable example?  

50. How do you estimate capital requirements of a small scale industry yet to take with?  

51. Explain the different steps they are involved in capital budgeting decision.  

52. An investment is estimated to cost Rs. 1,00,000 at a cost of capital of 15% @ 5% are as follows.
<table>
<thead>
<tr>
<th>Year</th>
<th>Cash in flows</th>
<th>P.V. Factor @ 15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>50,000</td>
<td>0.870</td>
</tr>
<tr>
<td>2</td>
<td>40,000</td>
<td>0.756</td>
</tr>
<tr>
<td>3</td>
<td>30,000</td>
<td>0.657</td>
</tr>
<tr>
<td>4</td>
<td>10,000</td>
<td>0.572</td>
</tr>
</tbody>
</table>

53. What is the concept of working capital? What is its importance. How are the requirements of working capital estimated?  
(Jul 2001)

54. Explain various steps involved in capital budgeting divisions. What is capital budgeting? What are methods useful for this purpose.  
(Jul 2001)

55. Explain the methods of raising capital.  
(Jul 2000)

56. a) What is Capital budgeting? Why it is necessary?  
b) Explain the methods of capital budgeting  
(Nov, 2010)

57. The proposals in respect of the following two projects are to be examined using:  
a) Payback method  
b) ARR method  
(Nov, 2010)

58. Define the concept of capital budgeting and explain its nature, scope and significance.  
(Nov, 2010)

59. A company has two proposals each costing Rs. 9 Lakhs. The details of the cash inflows are as follows:  
(Nov, 2010)

60. Prepare a Trial Balance from the following accounting records:

61. a) What do you mean by discounted cash flow techniques?  
b) Explain NPV and probability index methods to full fill the requirements of time value money  
(May, 2011)

62. What do you understand by ARR Method? Explain its features and limitations  
(May, 2011)

63. What do you understand by ARR Method? Explain its features and limitations  
(May, 2011)

64. A company has two projects X and Y. Suggest which of the two projects should be accepted under NPU method assuming discount rate of 10%  
(May, 2011)

UNIT-V
1. From the following balances, prepare Trading and profit & loss A/C for the year ending 31st March, 2014 and Balance sheet as on that date:

   Dr.                  Cr.  
   Rs.                  Rs.  
   Debtors and creditors 12,000         7,900  
   Drawings and capital  2,900         30,000  
   Trade expenses        920  
   Purchases and sales   8,640         14,290  
   Returns               190  
   Carriage inwards      250  
   Wages and salaries    4,120  
   Opening stock         3,100  
   Discounts             80  
   Bad debts             300  
   Machinery             4,510  
   Cash on hand          15,700  
                       52,710  

   Closing stock was valued at Rs. 40,000

2. Explain the objectives of accounting and its role in business. Also explain the uses of accounting.  
(Dec-11)
3. Explain the meaning of the term analysis of financial statement. Who are interested in this analysis? (Dec-11)

4. Explain the procedure of balancing ledger accounts. (Dec-11)

5. What do you understand by double entry book keeping? (Dec-11)

6. i. How can you make use of data available in the trial balance for finalizing accounts? (Nov, Sep 08)
   ii. Explain the procedure to be followed while preparing Trading Account, Profit and Loss Account and Balance Sheet with the help of a trial balance.

7. Explain the following concepts and illustrate their treatment with imaginary data. (Nov, Sep 08, Nov 07)
   i. Depreciation
   ii. Prepaid expenses
   iii. Reserve for bad and doubtful debts
   iv. Income received in advance.

8. Explain the following adjustments and illustrate suitably with assumed data. (Nov 08, 07)
   i. Closing stock
   ii. Outstanding expenses
   iii. Prepaid Income
   iv. Bad debts.

9. The following trial balance belongs to Amzad Khan with the help of which prepare trading and profit and loss A/c and balance sheet. (Nov, May 08)

<table>
<thead>
<tr>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>18,000</td>
<td>1,00,000</td>
</tr>
</tbody>
</table>
     Drawings and capital    |
   | 32,500 |           |
     Furniture               |
   | 15,000 |           |
     Equipment               |
   | 900   | 15,000    |
     Loan payable            |
   | 1,00,000 |         |
     Interest on loan        |
   | 75,000 |           |
     Sales                   |
   | 25,000 |           |
     Opening stock(1.1.05)   |
   | 15,000 |           |
     Trade expenses          |
   | 2,000  |           |
     Wages                   |
   | 1,000  |           |
     Insurance               |
   | 4,500  |           |
     Commission received     |
   | 28,100 |           |
     Sundry debtors          |
   | 20,000 |           |
     Cash at bank            |
   | 10,000 |           |
     Sundry creditors        |
   | 3,000  |           |
     Interest received       |
   | 2,32,500 | 2,32,500  |

   Adjustments:
   i. Closing stock as on 31st December 2005, was valued at Rs.60,000
   ii. Wages were outstanding by Rs.500
   iii. Provide depreciation @ 10% on furniture.

10. The following are the closing balances extracted from the books of Bhargav for the year ending 31 December 2004 with the help of which prepare trading account, Profit and loss A/c and Balance Sheet
    i. Closing stock was valued at Rs. 16,000
ii. Wages outstanding by Rs.900
iii. Outstanding discounts receivable Rs.150
iv. Write off bad debts? Rs. 500
v. Create a reserve for Bad and doubtful ratio? How are they helpful in evaluation?  (Nov 08)

11. The following trial balance belongs to Bala Krishna as on 31st December 2004. Prepare a trading, profit and loss account and balance sheet.

Adjustments:
i. Closing stock was valued at Rs.95000
ii. Wages were outstanding by Rs.5000
iii. Outstanding interest receivable Rs.500

12. i. Define the concepts ‘accounting’ Financial accounting, and accounting system’.
ii. Explain the main objectives of accounting and its important functions.  (Sep 08, May 07)

13. From the following trial balance of Anwesh, prepare Trading and Profit and loss A/c for the year ending 31st March 2005 and Balance Sheet as on that date:  (Sep 08)

<table>
<thead>
<tr>
<th>Debit. Rs.</th>
<th>Credit Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drawing and capita</td>
<td>13,250</td>
</tr>
<tr>
<td>Opening stock</td>
<td>17,445</td>
</tr>
<tr>
<td>Purchases and purchase returns</td>
<td>12,970</td>
</tr>
<tr>
<td>Sales returns and Sales</td>
<td>554</td>
</tr>
<tr>
<td>Carriage</td>
<td>1,240</td>
</tr>
<tr>
<td>Wages</td>
<td>3,100</td>
</tr>
<tr>
<td>Rent</td>
<td>820</td>
</tr>
<tr>
<td>Advertisement</td>
<td>954</td>
</tr>
<tr>
<td>Bad debts</td>
<td>400</td>
</tr>
<tr>
<td>Discounts allowed</td>
<td>1,084</td>
</tr>
<tr>
<td>Interest received</td>
<td>130</td>
</tr>
<tr>
<td>Debtors and creditors</td>
<td>3,000</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>4,000</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>1,792</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>48,084</td>
</tr>
</tbody>
</table>

Adjustment: Closing stock was valued at Rs.20,000.

14. Give a brief account on the important records of Accounting under Double entry system and discuss briefly the scope of each.  (May 08, 07, 06, Nov 07, 05)

15. The following balances were taken from the books of Balaram with the help of which prepare Trading, Profit & Loss A/c for the year ending 31st March 2005 and the Balance sheet.  (May 08)

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening stock</td>
<td>4,500</td>
</tr>
<tr>
<td>Purchases</td>
<td>25,000</td>
</tr>
<tr>
<td>Wages</td>
<td>2,500</td>
</tr>
<tr>
<td>Salaries</td>
<td>2,000</td>
</tr>
<tr>
<td>Postage</td>
<td>200</td>
</tr>
<tr>
<td>Drawings</td>
<td>2,800</td>
</tr>
<tr>
<td>Debtors</td>
<td>2,000</td>
</tr>
<tr>
<td>Buildings</td>
<td>7,500</td>
</tr>
<tr>
<td>Furniture</td>
<td>4,000</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td></td>
</tr>
<tr>
<td></td>
<td>50,500</td>
</tr>
</tbody>
</table>
Adjustments:

i. Closing stock was valued at Rs.10,000 
ii. Wages were outstanding by Rs.500 
iii. Interest received in advance amounted Rs. 200 out of the given balance.

16. The trail balance of Anil is given below, prepare the Trading Account, Profit & Loss Account for the year ending 31 December 2005 and Balance sheet as on that date.

Adjustments:

i. Closing stock was valued at Rs. 3,50,000 
ii. Provide a reserve for bad and doubtful dets @2% on debors. 

17. i. What is the procedure to be followed while preparing a trial balance and how can you validate the trial balance prepared.

ii. What are the objectives of preparing the trial balance.

18. The trial balance of Bharat is given below. Prepare the Trading and Profit & Loss A/c for the year ending 31st December, 2005 and Balance sheet as on that date.

<table>
<thead>
<tr>
<th>Debit. Rs</th>
<th>Credit. Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drawings and Capital</td>
<td>10,550</td>
</tr>
<tr>
<td>Plant &amp; Machinery</td>
<td>38,300</td>
</tr>
<tr>
<td>Sundry debtors and creditors</td>
<td>62,000</td>
</tr>
<tr>
<td>Wages</td>
<td>43,750</td>
</tr>
<tr>
<td>Purchases and Sales</td>
<td>2,56,590</td>
</tr>
<tr>
<td>Opening stock</td>
<td>95,300</td>
</tr>
<tr>
<td>Salaries</td>
<td>12,880</td>
</tr>
<tr>
<td>Insurance</td>
<td>930</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>18,970</td>
</tr>
<tr>
<td>Interest on loan</td>
<td>14,370</td>
</tr>
<tr>
<td>Discounts allowed</td>
<td>4,870</td>
</tr>
<tr>
<td>Furniture</td>
<td>12,590</td>
</tr>
<tr>
<td>Loan payable</td>
<td>79,630</td>
</tr>
<tr>
<td>Furniture</td>
<td>43,990</td>
</tr>
</tbody>
</table>

Closing stock was valued at Rs.90,000.

19. State the significance of each of the following ratios and turnovers and explain how each one is calculated

i. Current ratio

ii. Debtor-Turnover ratio

iii. P/E ratio and

iv. Earnings per share.

20. Prepare Trading and Profit and Loss account for the year ended 31.12.2003 and a Balance sheet as on that from the following Trial Balance.

i. Closing stock Rs.20,000

ii. Write off furniture @15% per annum

21. Journalise the following transactions and post them to ledger.

Ram invests Rs. 10,000 in cash.

He bought goods worth Rs. 2,000 from shyam.

He bought a machine for Rs. 5,000 from lakshman on account

He paid to lakshman Rs. 2,000

He sold goods for cash Rs. 3,000

He sold goods to A on account Rs. 4,000
He paid to shyam Rs. 1,000
He received amount from A Rs. 2,000

22. From the following Trial Balance and adjustments of Suresh, prepare Trading and Profit & Loss Account for the year ending 30th June, 2002 and a Balance sheet as on that date.

Adjust the following:
  i. Closing stock Rs.30000
  ii. Write off depreciation on buildings @20% per annum
  iii. Rent and rates paid in advance Rs.200

23. From the following trial balance taken from the book of Saravanan, prepare Trading and profit & loss A/c for the year ending 31 March 2004 and balance sheet as on that date:

Adjustments:
  1. Closing stock was valued at Rs. 1,50,000
  2. Salaries were outstanding by Rs. 3000
  3. Depreciate investment @10% 

24. The following are the particulars of Ledger Account balances taken from the books of Bhaskar for the year ending 31st March 2005. You are required to prepare the Trading and profit and Loss A/c and Balance sheet.

Adjustment:
  i. Closing stock was valued at Rs. 80000
  ii. Write off Bad Debts of Rs. 5000 out of sundry debtors
  iii. Prepaid insurance amounted Rs. 1000

25. Give a brief account on the important records of Accounting under Double entry system and discuss briefly the scope of each.

26. The following trial balance of Abhiram was prepared on 31st March 2006. Prepare trading and profit and loss A/c and balance sheet.

<table>
<thead>
<tr>
<th></th>
<th>Dr.Rs</th>
<th>Cr.Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>22,000</td>
<td></td>
</tr>
<tr>
<td>Opening stock</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Debtors and creditors</td>
<td>8,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Machinery</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Bank overdraft</td>
<td></td>
<td>14,000</td>
</tr>
<tr>
<td>Sales returns and purchase returns</td>
<td>4,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Trade expenses</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>Purchases and Sales</td>
<td>26,000</td>
<td>44,000</td>
</tr>
<tr>
<td>Wages</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>Bills payable</td>
<td></td>
<td>10,600</td>
</tr>
<tr>
<td>Bank deposits</td>
<td>6,600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,10,600</td>
<td>1,10,600</td>
</tr>
</tbody>
</table>

27. Explain the basic accounting concepts and convention. Give examples.


29. Following is the profit and loss account and balance sheet of Jai Hind Ltd. Calculate the following ratios:
   i. Gross profit Ratio
   ii. Current Ratio
iii. Quick ratio

profit and loss account

<table>
<thead>
<tr>
<th>Dr.</th>
<th>Cr.</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td>Assets</td>
<td>Rs.</td>
</tr>
<tr>
<td>To Opening stock of finished goods</td>
<td>By Sales</td>
<td>1,00,000</td>
</tr>
<tr>
<td>To Opening stock of raw materials</td>
<td>By Closing stock of raw materials</td>
<td>50,000</td>
</tr>
<tr>
<td>To Purchase of raw materials</td>
<td>By closing stock of finished goods</td>
<td>3,00,000</td>
</tr>
<tr>
<td>To manufacturing Expenses</td>
<td>By profit or sale of shares</td>
<td>1,00,000</td>
</tr>
<tr>
<td>To Administration Expenses</td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td>To Selling and distribution expenses</td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td>To loss on sale of plant</td>
<td></td>
<td>55,000</td>
</tr>
<tr>
<td>To Interest on debentures</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>To Net profit</td>
<td></td>
<td>3,85,000</td>
</tr>
</tbody>
</table>

11,00,000

balancesheet

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Rs.</th>
<th>Assets</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital:</td>
<td></td>
<td>Fixed Assets</td>
<td>250,000</td>
</tr>
<tr>
<td>Equity Share capital</td>
<td>100,000</td>
<td>Stock of raw materials</td>
<td>150,000</td>
</tr>
<tr>
<td>Preference share capital</td>
<td>100,000</td>
<td>Stock of finished goods</td>
<td>100,000</td>
</tr>
<tr>
<td>Reserves</td>
<td>100,000</td>
<td>Sundry debtors</td>
<td>100,000</td>
</tr>
<tr>
<td>Debentures</td>
<td>200,000</td>
<td>Bank balance</td>
<td>50,000</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bills payable</td>
<td>50,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

650,000

30. “The Return on Investment is a single comprehensive measure that is influenced by everything happening within the organization”. Explain the statement and illustrate its computation with imaginary figures. 

(May 06, Nov 05)

31. During January 2003 Narayan transacted the following business.

(May 06)

1. Commenced business with cash 40,000
2. Purchased goods on credit from Shyam 30,000
3. Received cash from Murthy as advance for Goods ordered by him 3,000
4. Paid wages 500
5. Goods returned to Shyam 200
6. Goods sold to Kamal 10,000
7. Goods returned by Kamal 500
8. Paid into bank 500
9. Goods sold for cash 750
10. Bought goods for cash 1,000
11. Paid salaries 700
12. Withdrew cash for personal use 1,000

Journalize the above transactions and prepare Cash account.

32. i. What is Trial balance? Why it is prepared?

ii. From the following list of balances prepare a Trial balance as on 30-06-2003

(May 06)

<table>
<thead>
<tr>
<th>Rs.</th>
<th>Ks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>ii.</td>
</tr>
<tr>
<td>Opening stock</td>
<td>1,800</td>
</tr>
<tr>
<td>Wages</td>
<td>1,000</td>
</tr>
<tr>
<td>Sales</td>
<td>12,000</td>
</tr>
<tr>
<td>Bank loan</td>
<td>440</td>
</tr>
</tbody>
</table>
v. Coal and coke 300  xvii. Capital 4,000
vi. Purchases 7,500  xviii. Misc. receipts 60
viii. Carriage 150  x. Office furniture 60
ix. Income tax 150  xxi. Patents 100
x. Debtors 2,000  xxii. Goodwill 1,500
xi. Leasehold premises 20  xxiii. Cash at bank 510
xii. Cash in hand

33. The following are the extracts from the financial statements of Blue and Red Ltd., as on 31st March 2001 and 2002 respectively. (May 06)

<table>
<thead>
<tr>
<th></th>
<th>31 March 2001</th>
<th>31 March 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock</td>
<td>10,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Debtors</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Bills receivables</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>18,000</td>
<td>15,000</td>
</tr>
<tr>
<td>bank overdraft</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>9% debentures</td>
<td>5,00,000</td>
<td>5,00,000</td>
</tr>
<tr>
<td>Sales of the year</td>
<td>3,50,000</td>
<td>3,00,000</td>
</tr>
<tr>
<td>Gross profit</td>
<td>70,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>

34. i. Who are the users of financial statements and for what purpose do they use?
ii. Calculate the Gross profit Margin and Net operating margin and Operating ratio given the following information.

Sales Rs. 1,00,000
Cost of goods Rs. 6,00,000
Selling and administrative costs Rs. 2,00,000
Depreciation Rs. 1,00,000

also Comment on the results (May 06)

35. Prepare Trading and profit and loss account for the year ended 31.12.2001 and a balance sheet as on that date from the following Trial balance. (May 06)

<table>
<thead>
<tr>
<th></th>
<th>Dr. Rs.</th>
<th>Cr. Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>6,500</td>
<td></td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td></td>
<td>1,25,000</td>
</tr>
<tr>
<td>Bad debts</td>
<td>1,750</td>
<td></td>
</tr>
<tr>
<td>Reserve for bad debts</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Sundry debtors</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>24,000</td>
<td></td>
</tr>
<tr>
<td>Stock(1.1.2001)</td>
<td>34,600</td>
<td></td>
</tr>
<tr>
<td>Purchases</td>
<td>54,750</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>1,54,500</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td></td>
<td>28,500</td>
</tr>
<tr>
<td>Sales returns</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Purchases returns</td>
<td></td>
<td>1,250</td>
</tr>
<tr>
<td>Advertising</td>
<td>4,500</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>1,180</td>
<td></td>
</tr>
<tr>
<td>Commision received</td>
<td></td>
<td>3,750</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>6,500</td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>33,000</td>
<td></td>
</tr>
<tr>
<td>General expenses</td>
<td>7,820</td>
<td></td>
</tr>
<tr>
<td>Car expenses</td>
<td>9,000</td>
<td></td>
</tr>
<tr>
<td>Taxes and insurance</td>
<td>3,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,40,000</td>
<td>3,40,000</td>
</tr>
</tbody>
</table>
36. Journalize the following transactions and post them to ledger. (Nov 05, May 04)
   i. Ram invest Rs. 10,000 in cash
   ii. He bought goods worth Rs. 2,000 from Shyam
   iii. He bought a machine for Rs. 5,000 from Lakshman on account.
   iv. He paid to Lakshman Rs. 2,000.
   v. He sold goods for cash Rs. 3,000
   vi. He sold goods to A on account Rs. 4,000
   vii. He paid to Shyam Rs. 1,000
   viii. He received amount from A Rs. 2,000

37. The following are the balance taken on 31st December, 2002 from the books of Mr. R. Shivaji.

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs.</td>
<td>Rs.</td>
</tr>
<tr>
<td>Capital</td>
<td>87,940</td>
</tr>
<tr>
<td>Opening Stock</td>
<td>85,600</td>
</tr>
<tr>
<td>Discount</td>
<td>350</td>
</tr>
<tr>
<td>Wages</td>
<td>30,000</td>
</tr>
<tr>
<td>Advertising</td>
<td>4,700</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>20,000</td>
</tr>
<tr>
<td>Sales</td>
<td>3,60,000</td>
</tr>
<tr>
<td>Electricity charges</td>
<td>700</td>
</tr>
<tr>
<td>Return outwards</td>
<td>1,900</td>
</tr>
<tr>
<td>Office rent</td>
<td>1,500</td>
</tr>
<tr>
<td>Purchases</td>
<td>2,62,700</td>
</tr>
<tr>
<td>Bills Receivables</td>
<td>2,000</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>6,660</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>11,780</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>150</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>8,450</td>
</tr>
<tr>
<td>Rates and taxes</td>
<td>300</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>500</td>
</tr>
<tr>
<td>Sundry debtors</td>
<td>18,000</td>
</tr>
<tr>
<td>Drawings</td>
<td>12,500</td>
</tr>
<tr>
<td>General expenses</td>
<td>1,260</td>
</tr>
<tr>
<td>Insurance</td>
<td>420</td>
</tr>
</tbody>
</table>

   Adjust the following:
   i. Closing stock Rs. 30,000
   ii. Rates and taxes paid in advance Rs. 30
   iii. Rent paid in advance Rs. 200
   iv. Provide for bad debts Rs. 200

38. The balance sheet of X and Co as on 31.12.1998 is as follows.

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Rs.</th>
<th>Assets</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity capital</td>
<td>100000</td>
<td>Fixed Assets</td>
<td>180000</td>
</tr>
<tr>
<td>9% Preference Shares</td>
<td>50000</td>
<td>Stores</td>
<td>25000</td>
</tr>
<tr>
<td>8% debentures</td>
<td>50000</td>
<td>Debtors</td>
<td>55000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>20000</td>
<td>Bills Receivables</td>
<td>3000</td>
</tr>
<tr>
<td>Creditors</td>
<td>45000</td>
<td>Bank balance</td>
<td>2000</td>
</tr>
</tbody>
</table>

   Calculate the following:
   i. Debt Equity Ratio
   ii. Current Ratio
   iii. And interpret
   iv. Liquidity Ratio

39. State the nature of account (Nominal, Real and Personal and show which account will be debited and which account will be credited. (Jun 04)

   i. Rent received
   ii. Machinery
   iii. Discount received
   iv. Interest paid
   v. Rent paid
   vi. Commission received
vii. Capital introduced
viii. Buildings bold
ix. Goods purchased
x. Goods sold

40. The Trail balance of Chatterjee on 31-12-1978 revealed the following balances:

<table>
<thead>
<tr>
<th>Debit balances</th>
<th>Credit balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs.</td>
<td>Rs.</td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>80,000</td>
</tr>
<tr>
<td>Purchases</td>
<td>68,000</td>
</tr>
<tr>
<td>Sales Returns</td>
<td>1,000</td>
</tr>
<tr>
<td>Opening Stock</td>
<td>30,000</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>75</td>
</tr>
<tr>
<td>Salaries</td>
<td>6,800</td>
</tr>
<tr>
<td>Freight:</td>
<td></td>
</tr>
<tr>
<td>In</td>
<td></td>
</tr>
<tr>
<td>out</td>
<td></td>
</tr>
<tr>
<td>Rent, Rates and Taxes</td>
<td>2,000</td>
</tr>
<tr>
<td>Advertisements</td>
<td>2,000</td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>6,900</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The stock on 31st December, 1978 was valued at Rs. 35,000. Prepare Trading and profit and loss account for the year ended 1st December 1978 and balance sheet as on that date.

41. Explain procedure of ledger posting of journal entries.

42. The following Trial balance as on 31-3-1997 was extracted from the books of Ramachandra:

<table>
<thead>
<tr>
<th>Rs.</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ramachandra’s Capital</td>
<td>36,500</td>
</tr>
<tr>
<td>Ramachandra’s Drawings</td>
<td>1,200</td>
</tr>
<tr>
<td>Wages (Productive)</td>
<td>4,200</td>
</tr>
<tr>
<td>Sundry Expenses (Work shop)</td>
<td>1,450</td>
</tr>
<tr>
<td>Insurance</td>
<td>540</td>
</tr>
<tr>
<td>Office Salaries</td>
<td>3,460</td>
</tr>
<tr>
<td>Rent and Taxes (Workshop Rs. 1,300and office Rs. 700)</td>
<td>2,000</td>
</tr>
<tr>
<td>Purchase and Sales</td>
<td>36,000</td>
</tr>
<tr>
<td>Advertising</td>
<td>1,700</td>
</tr>
<tr>
<td>Carriage</td>
<td>350</td>
</tr>
<tr>
<td>Returns Inwards and outwards</td>
<td>250</td>
</tr>
<tr>
<td>Discount</td>
<td>4360</td>
</tr>
<tr>
<td>Sundry Debtors and Creditors</td>
<td>9,800</td>
</tr>
<tr>
<td>Traveler’s Salaries and Commissions</td>
<td>3,100</td>
</tr>
<tr>
<td>Bank balance</td>
<td>700</td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>9,800</td>
</tr>
<tr>
<td>Loose Tools</td>
<td>1,000</td>
</tr>
<tr>
<td>Business Premises</td>
<td>40,000</td>
</tr>
<tr>
<td>Loan on Mortgage of Premises</td>
<td>20,000</td>
</tr>
<tr>
<td>Stock of Books and Stationery</td>
<td>500</td>
</tr>
<tr>
<td>Commission earned</td>
<td>1,300</td>
</tr>
<tr>
<td>Stock on 1-4-1997</td>
<td>16,200</td>
</tr>
<tr>
<td>Trades Expenditures</td>
<td>1,32,850</td>
</tr>
</tbody>
</table>

The stock on 31st December, 1978 was valued at Rs. 35,000. Prepare Trading and profit and loss account for the year ended 1st December 1978 and balance sheet as on that date.

43. Write debit, Credut orubcuokes wutge exanples, (Nov,2010)

44. Journalise the following transactions with the narration: (Nov,2010)

45. Journalise the following transactions: (Nov,2010)

46. Prepare a Trail Balance from the following data for the year 2008:
<table>
<thead>
<tr>
<th>Particular</th>
<th>Rs.</th>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free hod property</td>
<td>10,800</td>
<td>Discount received</td>
<td>150</td>
</tr>
<tr>
<td>Capital</td>
<td>40,000</td>
<td>Returns inward</td>
<td>1,590</td>
</tr>
<tr>
<td>Return outwards</td>
<td>2,520</td>
<td>Office expenses</td>
<td>5,100</td>
</tr>
<tr>
<td>Sales</td>
<td>80,410</td>
<td>Bad debts</td>
<td>1,310</td>
</tr>
<tr>
<td>Purchases</td>
<td>67,350</td>
<td>Carriages outwards</td>
<td>1,590</td>
</tr>
<tr>
<td>Depreciation of furniture</td>
<td>1,200</td>
<td>Salaries</td>
<td>1,450</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,300</td>
<td>Book debts</td>
<td>4,950</td>
</tr>
<tr>
<td>Stock (1,1,2008)</td>
<td>14,360</td>
<td>Book debts</td>
<td>11,070</td>
</tr>
<tr>
<td>Creditors for expenses</td>
<td>400</td>
<td>Cash at bank</td>
<td>2,610</td>
</tr>
<tr>
<td>Creditors</td>
<td>4,700</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

47. The financial manager of a company has to advise the board of directors on choosing between two compelling project proposals which require an equal investment of Rs. 1,00,000 and are expected to generate cash flows as under: (May, 2011)

48. Explain the basic accounting concepts and convention. Give example. (May, 2011)

50. From the following balances of Grewal prepare Trading A/c, Profit and Loss A/c for the year ending 31st December, 201 and Balance Sheet as on that date: (May, 2011)

51. a) Distinguish between NPV method and IRR method (June 14)
   b) If the alternatives given below, which one will you choose under NPV and TRR method.

   Initial Investment of each Proposal Rs. 9,00,000

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposal 1</th>
<th>Proposal 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3,00,000</td>
<td>6,00,000</td>
</tr>
<tr>
<td>2</td>
<td>5,00,000</td>
<td>4,00,000</td>
</tr>
<tr>
<td>3</td>
<td>7,00,000</td>
<td>8,00,000</td>
</tr>
<tr>
<td>4</td>
<td>6,00,000</td>
<td>3,00,000</td>
</tr>
</tbody>
</table>

   Copy of capital is 10% P.a.

52. From the following information calculate following ratios (May 2013)

   (a) Gross profit ratio,
   (b) Current ratio,
   (c) Stock turn over ratio.

<table>
<thead>
<tr>
<th>Sales</th>
<th>2520000</th>
<th>Cost of sales</th>
<th>1920000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net prot</td>
<td>360000</td>
<td>Opening stock</td>
<td>300000</td>
</tr>
<tr>
<td>Closing stock</td>
<td>500000</td>
<td>Other current assets</td>
<td>760000</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>1440000</td>
<td>Net worth</td>
<td>1500000</td>
</tr>
<tr>
<td>Debts(long term)</td>
<td>900000</td>
<td>Current liabilities</td>
<td>600000</td>
</tr>
</tbody>
</table>

53. Calculate capital employed turn over ratio for the following information of a company: (Dec-11)

   fixed assets current assets current liabilities sales
   Rs.2000000 Rs.1200000 Rs.700000 Rs.2550000

54. Classify the ratios and explain uses of each group. (Dec-11)

55. Discuss the importance of Ratio Analysis for inter firm and intra-firm comparison, including circumstances responsible for its limitations, if any. (Nov, Sep 08)
56. Sales returns Rs.90000
    Average Debtors Rs.140000

(May 08)

7. Compute the following ratios.
   (Nov 07)
   i. Calculate Earnings Per share
   ii. Calculate Debtor Turnover ratio
   iii. Calculate interest coverage ratio
   iv. A company has current ratio of 3:1 and Quick ratio of 1:2. If the Working Capital is Rs. 1,80,000, calculate
      Current liabilities and Stock

Debentures  200000       Bank balance  50000
Sundry creditors  100000
Bills payable  50000

650000

650000  i.

Code No: 09A50301
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INTUH
MEFA

1. Managerial economics is goal oriented. What is the nature and Scope of
   Managerial Economics? (15)

2. What are the different methods of Demand Forecasting? (15)

3. a) Explain production function with one variable input.
   b) What is isoquant, isocost and MRTS? Explain. (15)

4. a) Explain the features of Perfect Competition.
   b) Explain the price output determination in Perfect Competition. (15)

5. Compare and contrast thr features of Partnership and Joint Stock Company (15)

6. Company is considering an investment proposal which requires an initial initial outlay
   of Rs.1,00,000 and has a life of five years with no salvage valve. The company’s tax rate
   is 50%. The firm uses straight- line depreciation method. The estimated cash flows
   before tax as are follows.
   Year 1 2 3 4 5
   Cash flows before tax 10,000 11,000 14,000 15,000 25,000
   You are required to calculate a)pay-back period
   b) Net Present Value. The
   company’s required rate of return is 10% (15)

7. Prepare journal and Ledger and Trial Balance from the follwing transactions
   1998 May

   Rs.
   1  Purchased goods from Teja. 30,000
   2  Sold goods to Kapil Rs.15000/-and received a cash of 3,000
   4  Purchased goods from Sai for Rs.12,000/- and paid 2,000
   6  Bought Indica Car and presented it to his son- in law 250,000
7  Cash paid to M/s. jasper Industries Ltd., 250,000
8  Purchased Santro Car for office use
    Kapil become insolvent, a diviend of 50Ps. In a Rupee is received 300,000
10
11  Bought Indica Car and Presented it to his son-in low 300,000
12  Sai account with a discount of 500

8. From the following balance sheet of ABC Co Ltd., Calculate the following ratios (May, 2012)
   i) Current Ratio ii) Quick ratio iii) Debt equity ratio.

Balance Sheet of ABC Co., Ltd., as on 31.12.2008
<table>
<thead>
<tr>
<th>S.No</th>
<th>Topics in JNTU syllabus</th>
<th>Modules and sub modules</th>
<th>Lecture No.</th>
<th>Suggested books</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>UNIT-I (overview of managerial economics)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Introduction to managerial economics</td>
<td>Introduction to economics, Managerial economics defamation</td>
<td>L1</td>
<td>T1-Ch1, R8-Ch1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Definition</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nature and Scope</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Managerial Economics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Demand analysis</td>
<td>Types of demand</td>
<td>L2</td>
<td>T1-Ch2, R8-Ch2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Demand determinants</td>
<td>Factors governing demand for commodity</td>
<td>L3</td>
<td>T1-Ch2, R8-Ch2, R10-Ch3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Law of demand Exceptions</td>
<td>Law of demand price changes</td>
<td>L4</td>
<td>T1-Ch2, R8-Ch2, R10-Ch3</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Law of diminishing marginal utility</td>
<td>Diminishing utility and equi marginal utility</td>
<td>L5</td>
<td>T1-Ch2, R8-Ch2, R10-Ch3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Elasticity of demand</td>
<td>Definition and meaning of Price elasticity, Income elasticity</td>
<td>L6</td>
<td>T1-Ch3, R8-Ch2, R10-Ch3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Types</td>
<td>Cross elasticity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Measurement and significance of Elasticity of demand</td>
<td>Arc measurement, Point measurement, Aggregate measurement</td>
<td>L7</td>
<td>T1-Ch3, R8-Ch2, R10-Ch3</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Measurement and significance</td>
<td>Perfectly elastic, Perfectly inelastic</td>
<td>L8</td>
<td>T1-Ch3, R8-Ch2, R10-Ch3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unitary elastic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relatively elastic, Relatively inelasticity</td>
<td>L9</td>
<td>T1-Ch3, R8-Ch2, R10-Ch3</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Demand forecasting</td>
<td>Determinants of forecasting demand</td>
<td>L10</td>
<td>T1-Ch8, R8-Ch2, R10-Ch4</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Methods Demand Forecasting (Survey methods)</td>
<td>Survey, statistical, Expert opinion, test marketing methods</td>
<td>L11</td>
<td>T1-Ch8, R8-Ch2, R10-Ch4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Survey methods)</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>(Statistical methods)</td>
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<tr>
<td></td>
<td>Expert opinion test marketing</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Controlled experiments, Judgmental approach to demand forecasting</td>
<td></td>
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</tr>
<tr>
<td>11</td>
<td>Theory of production and cost analysis</td>
<td>Meaning of Production, Production function, Features graphical representation explanation</td>
<td>L13</td>
<td>T1-Ch5, R8-Ch3, R10-Ch5</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Isoquants and Isocosts</td>
<td>Iso cost curves, Least cost combination Margin rate of technical substitution</td>
<td>L14</td>
<td>T1-Ch5, R8-Ch3, R10-Ch5</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Least cost combination of inputs</td>
<td>Input out relationship loss of returns to scale</td>
<td>L15</td>
<td>T1-Ch5, R8-Ch3, R10-Ch5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Production function</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Laws of returns</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>SL. No</td>
<td>Topics in JNTU Modules and sub modules</td>
<td>Lecture No.</td>
<td>Suggested books</td>
<td>Remarks</td>
<td></td>
</tr>
<tr>
<td>--------</td>
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<td>-------------</td>
<td>-----------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Least cost combination of inputs, Production function, Laws of returns: Input out relationship loss of returns to scale</td>
<td>L15</td>
<td>T1-Ch5, R8-Ch3, R10-Ch5</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>L16</td>
<td>T1-Ch5, R8-Ch3, R10-Ch5</td>
<td></td>
<td></td>
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<tr>
<td>14</td>
<td>Internal and external economics of scale: Economics of scale, diseconomies of scale</td>
<td>L17</td>
<td>T1-Ch5, R8-Ch3, R10-Ch5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Cost analysis: Cost concepts, Opportunity cost, Fixed vs variable cost, explicit cost vs implicit cost vs imputed costs, Out of pocket costs Vs imputed costs</td>
<td>L18</td>
<td>T1-Ch6, R8-Ch4, R10-Ch6</td>
<td></td>
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<td></td>
<td></td>
<td>L19</td>
<td>T1-Ch7, R8-Ch5, R10-Ch6</td>
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</tr>
<tr>
<td>16</td>
<td>Break-even analysis (BEA), Determination of break even point (simple problems): Managerial significance and limitations of BEA</td>
<td>L20</td>
<td>T1-Ch8, R8-Ch6, R10-Ch8</td>
<td></td>
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<td>L21</td>
<td>T1-Ch8, R8-Ch6, R10-Ch8</td>
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**UNIT-IV (overview of capital and capital budgeting)**

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**UNIT-V (overview of final account)**

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