7. SUBJECT DETAILS

7. 1 MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

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 convertions 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 determine 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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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, Nature and Scope Managerial Economics-Demand Anlaysis: Demand Determinants, Law of Demand and its exceptions.

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

Market structures: Types of competition, Features of Perfect competition, Monopoly and Monopolistic Competition. Price-output Determination in case of Perfect Competition and Monopoly. Cost Plus Pricing, Marginal Cost Pricing, Sealed Bid Pricing, Going Rate Pricing, Limit Pricing, Market Skimming Pricing, Penetration Pricing, Two-Part Pricing, Block Pricing, Bundling Pricing, Peak Load Pricing, Cross Subsidization.

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

Characteristic features of Business, Features and evaluation of Sole Proprietorship, Joint Stock Company, Public Enterprises, and their types. Changing Business Environment in Post-liberalization scenario.

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

Double-Entry Book Keeping, Journal, Ledger, Trial balance, Final accounts (Trading account, profit and loss account and balance sheet with simple adjustments).

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.
T2 Varshney & Maheswari: Managerial Economics, Sultan Chand, 2003.

REFERENCE BOOKS

R1 Ambrish Gupta, Financial Accounting for Management, Pearson Education, New Delhi.
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.
R5 S. A. Siddiqui & A. S. Siddiqui, Managerial Economics & Financial Analysis, New age International Space Publications.
R6 Domnick Salvatore: Managerial Economics In a Global Economy, 4th Edition, Thomson.
R7 Narayanaswamy: Financial Accounting-A Managerial Perspective, PHI.
R8 Raghunatha Reddy & Narasimhachary: Managerial Economics& Financial Analysis, Scitech.
R9 S.N.Maheswari & S.K. Maheswari, Financial Accounting, Vikas.
R10 Truet and Truet: Managerial Economics:Analysis, Problems and Cases, Wiley.
R12 Dwivedi:Managerial Economics, 6th Ed., Vikas.

7.1.6 WEBSITES

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

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,
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NATIONAL

1. Prof. P. Iyer
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email: piyer@mgmt.iisc.ernet.in

2. Prof. K. Chandrasekhar Rao
HOD, Department of Commerce,
Pondicherry University, Pondicherry.
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3. Prof. I.B. Pandey
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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.),
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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

7.5.8 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)

* NA - Not available
A - Available

7.5.9 FINDINGS AND DEVELOPMENTS

1. Approximate vs exact equilibria in dynamic economies by Felix Kubler and Karl Schemedders, vol. 73, pp 1205, Jul 2005.
2. Over the counter markets by Darrell Duffie, Nicolael arleanu and Lasse Pedersen, vol. 75, no. 6, pp 1815, Nov 2005.
3. Using asset prices to measure the persistance of mutility of wealth by Fernando Alvarez, Urban J. Jerman, vol. 73, no. 6, pp 1977, Nov 2005.
4. Decisions and Macroeconomics : Developments and Implementations of a Simulation Game by Geert Woltjer (University of Maastricht), published in Journal of Economic Education, vol. 36, no.2, Spring 2005, pp: 139 - 144.
5. Income distribution and demand - induced innovation by Reto Foellmi and Josef Zweimuller in The review of economic studies, vol. 73, no. 2.
6. How efficiently is capital allocated evidence from the knitted garment industry in Tirupur by Abhijit Banerjee, and Kaivan Munshi in The review of economic, vol. 71, no. 4.

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 sceanrio?

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 prescptive rather than descriptive in characte. 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 resourcs 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 descipline? 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 managberial 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)**

28. Differentiate between managerial and welfare economics. What is there contribution to the economy of nation? **(May 2000)**

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, 01, 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, infact they cannot”. Coment.

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 youcorrelate it with the unemployment problem in India general and to engineering in particular ? **(May 01)**

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

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.

53. What is a budget line? What is its role in the determination of consumer’s equi;ibrium? **(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 prescptive rather than descriptive in characte. 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 elacisity 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)

67. Estimate the sales for the year 2004{2005. (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 deamand
ii Determine price elasticity of demand given that the quanitity demanded of a product is 1000 units whent he 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 deamnd 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 udnerstand by Elasticity of demand. How is it classified.
ii. Determine price elasticity of demand givent hat 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? **(May 07, Nov 05)**

81. What is promotional elasticity of demand? How does it differ from cross elasticity of demand? **(May 07, Nov 04)**

82. Discuss the utility of demand forecasting. What is the criteria of a good forecasting method? For
    i. New products
    ii. Ezisting products **(May 07, May 06)**

83. Explain the following forecasting methods.
    i. Expert opinion method
    ii. Time series analysis **(Sep 06)**

84. i. What are the possible approaches to forcasting demand for new products? **(May 06, Jun 04)**
    ii. Discuss the Utility of demand forecasting.

85. i. Explain the various factors that influence the demand for a computer. **(May 06, June 04)**
    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 **(Nov 05)**

87. Discuss the application of demand forecasting for new products. **(May 05)**

88. Explain the concepts and kinds of elasticity of demand that are relevant to the manager of a firm **(Jun 04, Jan 03)**

89. Describe the various methods of measurement of price elasticity of demand ? **(Dec 04, Jan 03)**

90. What is meant by elasticity of demand ? What are the determinants of elasticity and In elasticity of demand for a product ? **(Dec 04)**

91 Define Elasticity of Demand' ? And Explain how it is classified and sub-classified ? **(Nov 03, 04)**

92. Define price elasticity of demand, what are various degrees of price elasticity ? Illustrate graphically? **(Nov 02, May 03, 04)**

93. Calculate elasticity of Demand? **(Jul 03)**
    Q1 = 4000 P1 = Rs. 20
    Q2 = 5000 P2 = Rs. 19

94. Explain the need for distinguishing between durable and nondurable goods in demand fore casting **(Jan 03)**

95. The quantity demanded of any good appears to depend upon utility, price and income - Elucidate? **(Jan 03)**

96. What are the possible approach of forecasting demand for new products? Discuss the utility of demand forecasting? **(Jul 03)**

97. Explain the trend projection method and collective opinion method of demand forecasting? **(Jul 03)**

98. What are the factors that are considered while estimating firm's sales? Enumerate the difficulties in forecasting sale of consumer durables? **(Jul 03)**

99. Forecasting the demand for a new product poses special problems. How it possible to overcome them? **(Jul 03)**

100. What is meant by elasticity of demand? Explain giving a suitable illustration, how elasticity of demand determine the price policy of firm. **(May 02)**

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

102. Explain: i. Elasticity of demand, ii. Macro economics **(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? **(May2011)**

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. **(Nov 08)**
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 arecosts 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 emportance.
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. **(Sep 08)**
ii. Briefly explain Cobb-Douglas production function and its significance.

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

19. i. "To reach Breach even 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 explaing returns to variable factor and why does it happen. **(Nov 07)**
    ii. Use suitable diagrams in support of your answer.

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 substation
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. Youare given the following information about two companies in 2000. **(Sep 06)**

Particulars	Company A	Company B
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

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 youwill 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 youdetermine 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 indetail 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% Youare 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

Assertain 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. Your are given the following information about two companies in 2000. Compare the two companies.
Particulars Company A Company B **(May05)**
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. i. What is meant by internal and external economies of scale ? **(Jun 04)**
   ii. What are the sources of internal and external economics ?
   iii. 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 effect 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 : **(Nov 2000)**
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/-

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 **(May 99)**
i. Uses of break-even analysis
ii. Production function
iii. Internal and External economics
iv. Cost-phos pricing

71. From the following information calculate **(May 99)**
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

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 brifly differnt cost concepts relevant to managerial decision making **(Nov, 10)**

75. Explain with illustrations, the distinction betwen the following **(Nov,2010)**
    a) Fixed Cost
    b) Variable Cost
    c) acquistion 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 econmies 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 behviour? 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?
   ii. What are the important features in any market structure? **(Nov,Sep, May, Feb 08, 07, Nov 05)**

8. i. What are the causes for the emergence of Monopoly?
   ii. Elaborate how price output decision can be taken by a monopolist. **(Nov 08)**

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?
    ii. Explain the differences between monopolistic competition and perfect competition. **(Nov, May 08)**

11. i. What are the salient features of Monopoly?
    ii. In what different aspects monopoly is distinct from perfect competition **(Sep, May 08)**

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
    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 'Monoply' and discuss how absolute monoplly is different from imperfect monopoly?
    ii. What are the salient features of manopolistic 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?
    ii. Do younotice any benefit of price discrimination. **(May 07, July 03)**

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)**

32. Discuss the equilibrium price determination perfect competition. **(May 05, Nov 04)**

33. i. Distinguish between perfect and imperfect markets. **(Dec 04)**
ii. What are the different market situation in imperfect competition ?

34. Monopoly is disappearing from markets. Do youagree with this statement ? Do youadvocate form monopoly to continue in market situations ? **(Jun 04)**

35. What are the features of monopoly ? Explain how a monopolist can attain equilibrium position ?**(Jun 04)**

36. Illustrate price determination under monopoly ? **(Jun 04)**

37. Define monopoly. How is price under monopoly determined ? **(Jun 04, Nov 03, Dec 02)**

38. Explain long-run cost curves of a firm. **(Dec 03)**

39. Distinguish between Perfect Competition and Monopoly. **(Jan 03)**

40. What is shut down point ? Explain why a firm suffering from losses still decided to operate and not quit the market. **(Jul 03)**

41. Distinguish between market price and normal price. Discuss the significance of time element in the determination of price under perfect competition. **(Jul 03)**

42. What are the main features of monopoly ? How does it different from perfect competition ? **(Jul 03)**

43. What is a market ? Explain in brief, different market structures ? **(May 02)**

44. Define monopolistic competition and give a few examples. **(May 01)**

45. Discuss price determination in industry under perfect competition. **(May 01)**

46. What do youmean by perfect competition and monopoly? Explain the significance. **(May 99)**

47. 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. **(May 99)**

48. “In a completely competitive market no one transaction can influence the price of a commodity? Do youagree with this statement ? **(May 99)**

49. Explain the characteristics of perfect market. Give a brief account of types of imperfect markets. **(Nov 99)**

50. What is meant by pricing policy? Explain the utility of cost-plus pricing. **(Nov, 10)**
51. Compare the results of perfect competition and monopoly in respect of price, output and profits. **(Nov,2010)**
52**.** “No monopolist will ever fix the output of his product at any level where the **(Nov,2010)**
53. What are general considerations of Pricing policy? Describe he factors which help price forecasting. **(Nov,2010)**
54. What is Monopoly? Discuss the price-output policy of a monopolist. **(May,2011)**
55. Examine the nature of equilibrium for a monopollist. Is it necessarily true that the eqilibrium output of monopolist will be smaller than that of a competitive seller? **(May,2011)**
56. Distinguish between private sector and public sector. What is the criteria for selecting the right form of organization in private sector? (June 14)
57 Define business and explain it characteristics. **(May,2013**
. Differentiate between public and private companies. **(May, 2013)**

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 partership business. **(Nov 08)**

68. i. Explain the features of a company. **(Sep 08)**
   ii. What are its advantages and disadvantages?

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. What are the reasons for Joint Stock companies being popular as a form of business organization? Explain. 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 youexpect in persons to become good partners in business. **(Sep 06, Nov 05)**

83\. Define and evaluate statutary corporations. **(Sep 06, Nov 05)**

84\. Evaluate the partnership form of business organization. How does it overcome the limitations of proprietory 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 involed 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 advan-tages 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 youthink 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 differnt kinds of companies?

b) Explain the fomations of joint stock company. **(Nov, 10)**

97\. What do you understand by public enterprise? Explain the need for public enterprices 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) Dicuss the factors that help in choosing a suitable form of business organization.

b) Evaluate the Govt. Company form of public enterprise. **(May,2011)**

102. 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 publec enterprises? **(May,2011)**

104. Show that price is higher and output is smaller under monopoly compared to those under perfect com petition. **(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 full fill 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 pay back 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
   iv. Current liabilities.

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

11. Expalin 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. What are the components of working capital? Explain each of them. **(May 08, 06, 05)**

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

17. 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 youchoose 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 investmetn proposals? Explain them. **(Feb 08)**

21. Explain the concpet of capital budgeting and what is its practicial 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: **(Nov 07)**
    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 yourecommend? **(Sep 06)**

27. What do youunderstand 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.lO,000;Rs.l2000;Rs. 13000; Rs. 11000 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, youare 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: Ist year Rs. 28000, 2nd year Rs. 12000, 3rd year Rs. 10,000 4^{ift} year Rs. 10,000 and 5th year Rs. 10,000. Determine IRR. Which project do yourecommend?**(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:

year	Rs. in Lakhs	
	project 1	project 2
1	3	6
2	5	4
3	6	3

the cost of capital is 10% per year. Which are will youchoose 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)**

Year	Proposal 1	Proposal 2
1	12,500	11,750
2	12,500	12,250
3	12,500	12,500
4	12,500	13,500

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. **(Jan 03)**

Initial Cost 20,000 28,000

Net cash flow	**Machinex**	**Machinex**
1 year	8,000	10,000
2 year	12,000	12,000
3 year	9,000	12,000
4 year	7,000	9,000
5 year	6,000	9,000

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 **(Jan 03)**

i. Payback period. ii. ARR. Initial Investment : 25,000/-

Year	**Proposal 1**	**Proposal 2**
1	11,750	13,500
2	12,250	12,500
3	12,500	12,250
4	13,500	11,750

40. A company has at hand two proposals for consideration (M and N). The cost of the proposals in both the cases is Rs. 5,00,000/- each. A discount factor of 12% may be used to evaluate the proposals cash inflows after taxes are as under. **(Jan 03)**

Year	**Proposal M**	**Proposal N**
1	1,50,000	50,000
2	2,00,000	1,50,000
3	2,50,000	2,00,000
4	1,50,000	3,00,000
5.	1,00,000	2,00,000

41. Differentiate between recommend under present value method ? Techniques of capital budgeting **(Jan 03)**

42. Explain various steps involved in capital budgeting technique. **(Jan 03)**

43. Explain the importance of operating cycle in estimating working capital needs. **(Jan 03)**

44. What do youunderstand by working capital cycle and what is its importance ? **(Jul 03)**

45. Describe the institutions providing long term finances ? **(Jul 03)**

46. What is shutdown point ? Explain why a firm suffering from losses still decides to operate and not quit the market. **(Jul 03)**

47. Given that a project yield the following cash in flows for six years at an original cost of Rs. 50,000/- determine IRR. **(Dec 02)**

48. Explain the discounted cash flow techniques ? **(Dec 02)**

49. What is capital budgeting ? Explain payback method with suitable example ? **(Dec 02)**

50. How do youestimate capital requirements of a small scale industry yet to take with ? **(Dec 02)**

51. Explain the different steps they are involved in capital budgeting decision. **(Apr 01)**

52. An investment is estimated to cost Rs. 1,00,000 at a cost of capital of 15% @ 5% are as follows.

Year	Cash in flows	P.V. Factor @ 15%
1	50,000	0.870
2	40,000	0.756
3	30,000	0.657
4	10,000	0.572

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: **(Nov,2010)**
a) Payback method
b) ARR method

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. Rs.	Cr. 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	280
Carriage inwards	250	
Wages and salaries	4,120	
Opening stock	3,100	
Discounts	80	240
Bad debts	300	
Machinery	4,510	
Cash on hand	15,700	
	52,710	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 nancial 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)**

	Dr.	Cr.
Drawing and capital	18,000	1,00,000
Furniture	32,500	
Equipment	15,000	
Loan payable		15,000
Interest on loan	900	
Sales		1,00,000
Purchases	75,000	
Opening stock(1.1.05)	25,000	
Trade expenses	15,000	
Wages	2,000	
Insurance	1,000	
Commission received		4,500
Sundry debtors	28,100	
Cash at bank	20,000	
Sundry creditors		10,000
Interest received		3,000
	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 balnace 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. Wges were outstanding by Rs.5000
iii. Outstanding interest receiavable 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)**

	Debit. Rs.	Credit Rs
Drawing and capita	l 3,250	15,000
Opening stock	17,445	
Purchases and purchase returns	12,970	840
Sales returns and Sales	554	27,914
Carriage	1,240	
Wages	3,100	
Rent	820	
Advertisement	954	
Bad debts	400	
Discounts allowed	1,084	
Interest received		130
Debtors and creditors		3,000
Provision for doubtful debts	4,000	1,200
Cash on hand	1,792	
Cash at bank 4	75	
	48,084	48,084

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)**

	Debit	Credit
Opening stock	4,500	
Purchases	25,000	
Wages	2,500	
Salaries	2,000	
Postage	200	
Drawings	2,800	
Debtors	2,000	
Buildings	7,500	
Furniture	4,000	
Sales		30,000
Capital		16,500
Creditors		3,300
Interest received		700
	50,500	50,500

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 doutful dets @2% on debors. **(Nov 08)**

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. **(Nov 08)**

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. **(May, Feb 08)**

	Debit. Rs	Credit. Rs.
Drawings and Capital	10,550	1,19,400
Plant & Machinery	38,300	
Sundry debtors and creditors	62,000	59,360
Wages	43,750	
Purchases and Sales	2,56,590	3,56,430
Opening stock	95,300	
Salaries	12,880	
Insurance	930	
Cash at bank	18,970	
Interest on loan	14,370	
Discounts allowed	4,870	
Furniture	12,590	
Loan payable		79,630
Furniture	43,990	
	6,15,090	6,15,090

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 **(May 08)**
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.

Adjust the following

i. Closing stock Rs.20,000
ii. Write off furniture @15% per annum **(May 08)**

21. Jounalise 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 **(May 08,07)**

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 **(May 2008 & 2013)**

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% **(May 08)**

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 Tradking and proft 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 **(Feb 08)**

25. Give a brief account on the important records of Accounting under Double entry system and discuss briefly the scope of each. **(Feb 08)**

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

	Dr.Rs	**Cr.Rs.**
Capital		22,000
Opening stock	10,000	
Debtors and creditors	8,000	12,000
Machinery	20,000	
Cash at bank	2,000	
Bank overdraft		14,000
Sales returns and purchase returns	4,000	8,000
Trade expenses	12,000	
Purchases and Sales	26,000	44,000
Wages	10,000	
Salaries	12,000	
Bills payable		10,600
Bank deposits	6,600	
	1,10,6000	1,10,600

(May 07)

27. Explain the basic accounting concepts and convention. Give examples. **(May 07)**

28. What is Three columnar cash book? What is contra Entry? Illustrate. **(Sep 06, June 04)**

29. Following is the profit and loss account and balance sheet of Jai Hind Ltd. Calculate the following ratios:

i. Gross profit Ratio **(Sep 06)**
ii. Current Ratio

iii. Quick ratio

profit and lossaccount

Dr. Liabilities	Rs.	Cr. Assets	Rs.
To Opening stock of finished goods	1,00,000	By Sales	8,00,000
To Opening stock of raw materials	50,000	By Closing stock of raw materials	1,50,000
To Purchase of raw materials	3,00,000	By closing stock of finished goods	1,00,000
To manufacturing Expences	1,00,000	By profit orsale of shares	50,000
To Administration Expences	50,000		
To Selling and distribution expenses	50,000		
To loss on sale of plant	55,000		
To Interest on debentures	10,000		
To Net profit	3,85,000		
	11,00,000		11,00,000

balancesheet

Liabilities	Rs.	Assets	Rs.
Share Capital :		Fixed Assets	250000
Equity Share capital	100000	Stock of raw materials	150000
Preference share capital	100000	Stock of finished goods	100000
Reserves	100000	Sundry debtors	100000
Debentures	200000	Bank balance	50000
Sundry creditors	100000		
Bills payable	50000		
	650000		650000

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 follwing list of balances prepare a Trial balance as on 30-06-2003 **(May 06)**

		Rs.			Rs.
i.	Opening stock	1,800	xiii.	Plant	750
ii.	Wages	1,000	xiv.	Machinery tools	180
iii.	Sales	12,000	xv.	Lighting	230
iv.	Bank loan	440	xvi.	Creditors	800

v.	Coal and coke	300	xvii. Capital	4,000
vi.	Purchases	7,500	xviii. Misc. receipts	60
viii.	Carriage	150	xx. 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)**

	31 March 2001	31 March 2002	
	Rs.	Rs.	
Stock	10,000	25,000	
Debtors		20,000	20,000
Bills receivables		10,000	5,000
Cash in hand		18,000	15,000
bank overdraft		-	2,000
9% debentures		5,00,000	5,00,000
Sales of the year		3,50,000	3,00,000
Gross profit		70,000	50,000

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. 10,00,000
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)**

	Dr, Rs.	Cr Rs.
Furniture	6,500	
Plant and machinery	60,000	
Buildings	75,000	
Capital		1,25,000
Bad debts	1,750	
Reserve for bad debts		3,000
Sundry debtors		3,000
Sundry creditors		24,000
Stock(1.1.2001)	34,600	
Purchases	54,750	
Sales		1,54,500
Bank overdraft		28,500
Sales returns	2,000	
Purchases returns		1,250
Advertising	4,500	
Interest	1,180	
Commision received		3,750
Cash in hand	6,500	
Salaries	33,000	
General expenses	7,820	
Car expenses	9,000	
Taxes and insurance	3,500	______
	3,40,000	3,40,000

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 acccount.
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. **(Nov 05)**

	Debit Rs.	Credit Rs.
Capital		87,940
Opening Stock	85,600	
Discount		350
Wages	30,000	
Advertising	4,700	
Plant and machinery	20,000	
Sales		3,60,000
Electricity charges	700	
Return outwards		1,900
Office rent	1,500	
Purchases	2,62,700	
Bills Receivables	2,000	
Cash at bank	6,660	
Furniture and fittings	11,780	
Cash in hand	150	
Sundry creditors		8,450
Rates and taxes	300	
Printing and stationery	500	
Sundry debtors	18,000	
Drawings	12,500	
General expenses	1,260	
Insurance	420	______
	4,58,640	4,58,640

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.

Liabilities	Rs.	Assests	Rs.
Equity capital	100000	Fixed Assets	180000
9% Preference Shares	50000	Stores	25000
8% debentures	50000	Debtors	55000
Retained earnings	20000	Bills Receivables	3000
Creditors	45000	Bank balance	2000
	265000		265000

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 : **(May 01)**

Debit balances	Rs.	Credit balances	Rs.
Plant and Machinery	80,000	Capital account	1,00,000
Purchases	68,000	Sales	1,27,000
Sales Returns	1,000	Purchases Returns	1,275
Opening Stock	30,000	Discounts Received	800
Bank Charges	75	Sundry creditors	25,000
Salaries	6,800	Wages	10,000
Freight:			
In			750
out			1,200
Rent, Rates and Taxes	2,000		
Advertisements	2,000		
Cash at Bank	6,900		
	2,54,075		2,54,075

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 positing of journal entries. **(May 01)**

42. The following Trial balance as on 31-3-1997 was extracted from the books of Ramachandra:- **(May 01)**

	Rs.	Rs.
Ramachandra's Capital	36,500	
Ramachandra's Drawings	1,200	
Wages (Productive)	4,200	
Sundry Expenses (Work shop)	1,450	
Insurance	540	
Office Salaries	3,460	
Rent and Taxes (Workshop Rs. 1,300and office Rs. 700)	2,000	
Purchase and Sales	36,000	70,000
Advertising	1,700	
Carriage	350	
Returns Inwards and outwards	250	700
Discount		190
Sundry Debtors and Creditors	9,800	4,360
Traveler's Salaries and Commissions	3,100	
Bank balance		700
Plant and Machinery	9,800	
Loose Tools	1,000	
Business Premisses	40,000	
Loan on Mortgage of Premises		20,000
Stock of Books and Stationery	500	
Commission earned		400
Stock on 1-4-1997	16,200	
Trades Expenditures	1,300	
	1,32,850	1,32,850

43. Write debut, Credut orubcuokes wutge exanples, **(Nov,2010)**
44. Jornalise the following transactions withe narration: **(Nov,2010)**
45. Journalise the following trasactions: **(Nov,2010)**
46**.** Prepare a Trail Balance from the following data for the year 2008:

Particular	*Rs.*	*Particulars*	*Rs.*
Free hod property	***10,800***	***Discount received***	***150***
Capital	***40,000***	***Returns inward***	***1,590***
Return outwards	***2,520***	***Office expenses***	***5,100***
Sales	***80,410***	***Bad debts***	***1,310***
Purchases	***67,350***	***Carriages outwards***	***1,590***
Depreciation of furniture	***1,200***	***Salaries***	***1,450***
Insurance	***3,300***	***Book debts***	***4,950***
Stock (1,1,2008)	***14,360***	***Book debts***	***11,070***
Creditors for expenses	***400***	***Cash at bank***	***2,610***
Creditors	***4,700***		

47. The financial manager of a company has to advise the board of directors on chosing 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

Year	Proposal 1	Proposal 2
1	3,00,000	6,00,000
2	5,00,000	4,00,000
3	7,00,000	8,00,000
4	6,00,000	3,00,000

Copy of capital is 10% P.a.

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

(a) Gross prot ratio,

(b) Current ratio,

(c) Stock turn over ratio.

Sales	2520000
Cost of sales	1920000
Net prot	360000
Opening stock	300000
Closing stock	500000
Other current assets	760000
Fixed assets	1440000
Net worth	1500000
Debts(long term)	900000
Current liabilities	600000

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
R09

JNTUH
B.Tech III year I Sem Examinations, Nov/Dec-2012.
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 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 slvage valve. The company's tax rate is 50%. The firm uses straight- line depreciation method. The estimated cash flows before tax are as 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 recived	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., Calulate 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

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S.No	Topics in JNTU syllabus	Modules and sub modules	Lecture No.	Suggested books	Remarks
UNIT-I (overview of managerial economics)					
1	Introduction to managerial economics Definition Nature and Scope Managerial Economics	Introduction to economics, Managerial economics defamation	L1	T1-Ch1 R8-Ch1	
2	Demand analysis	Types of demand	L2	T1-Ch2, R8-Ch2	
3	Demand determinants	Factors governing demand for commodity	L3	T1-Ch2, R8-Ch2, R10-Ch3.	
4	Law of demand Exceptions	Law of demand, price changes	L4	T1-Ch2, R8-Ch2, R10-Ch3.	
5	Law of diminishing marginal utility	Diminishing utility and equi marginal utility	L5	T1-Ch2, R8-Ch2, R10-Ch3.	
-					
6	Elasticity of demand Definition Types	Definition and meaning of Price elasticity, Income elasticity, Cross elasticity	L6	T1-Ch3, R8-Ch2, R10-Ch3.	
7	Measurement and significance of Elasticity of demand	Arc measurement, Point measurement, Aggregate measurement	L7	T1-Ch3, R8-Ch2, R10-Ch3.	
8	Measurement and significance	Perfectly elastic, Perfectly inelastic, Unitary elastic	L8	T1-Ch3, R8-Ch2, R10-Ch3.	
		Relatively elastic, Relatively inelasticity	L9	T1-Ch3, R8-Ch2,R10-Ch3	
9	Demand forecasting Factors governing demand forecasting	Determinants of fore costing demand	L10	T1-Ch8, R8-Ch2, R10-Ch4	
10	Methods Demand Forecasting (Survey methods Statistical methods Expert opinion method test marketing Controlled experiment Judgment approach to demand forecasting)	Survey, statistical, Expert opinion, test marketing methods	L11	T1-Ch8, R8-Ch2, R10-Ch4	
		Controlled experiments, Judgmental approach	L12	T1-Ch8, R8-Ch2, R10-Ch4	
UNIT-II (overview of production function and cost concepts)					
11	Theory of production and cost analysis Production function	Meaning of Production, Production function Features graphical Representation, explanation	L13	T1-Ch5, R8-Ch3, R10-Ch5	
12	Isoquants and Isocosts MRTS	Iso cost curves, Least cost combination, Marginal rate oftechnical substitution	L14	T1-Ch5, R8-Ch3, R10-Ch5	
13	Least cost combination of inputs Production function Laws of returns	Input out relationship loss of returns to scale	L15	T1-Ch5, R8-Ch3, R10-Ch5	

SL. No	Topics in JNTU	Modules and sub modules	Lecture No.	Suggested books	Remarks
13	Least cost combination of inputs Production function Laws of returns	Input out relationship loss of returns to scale	L15	T1-Ch5, R8-Ch3, R10-Ch5	
		Total product average product marginal product curves	L16	T1-Ch5, R8-Ch3, R10-Ch5	
14	Internal and external economics of scale	Economics of scale, diseconomies of scale	L17	T1-Ch5, R8-Ch3, R10-Ch5	
15	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	Concept and nature opportunity cost, fixed ,variable explicit, implicit, out of pocket, Long run, cost short run cost.	L18	T1-Ch6, R8-Ch4, R10-Ch6	
16	Break-even analysis(BEA)Determination of break even point (simple problems) Managerial significance and limitations of BEA	Key term in BE analysis, Significance and limitations of BEA applications	L19	T1-Ch7, R8-Ch5, R10-Ch6	
		UNIT-III (overview of markets and pricing policies)			
17	Introduction to markets and pricing strategies	Market definition structures of market	L20	T1-Ch8, R8-Ch6, R10-Ch8	
		Types of competition	L21	T1-Ch8, R8-Ch6, R10-Ch8	
18	Markets structures Types of competition Features of perfect competition	Perfect competition features, imperfect competition, price decision.	L22	T1-Ch8, R8-Ch6, R10-Ch8	
19	Monopoly Monopolistic competition	Monopoly, Monopolistic Features	L23	T1-Ch8, R8-Ch6, R10-Ch9	
		Duopoly, Monophony Features	L24	T1-Ch8, R8-Ch6, R10-Ch9	
20	Price output determination incase of perfect competition	The firm and industry pricing	L25	T1-Ch8, R8-Ch6, R10-Ch9	
		Short run and Long run pricing polocy	L26	T1-Ch8, R8-Ch6, R10-Ch9	
21	Monopoly	Features, monopoly price out determination monopolistic competition	L27	T1-Ch8, R8-Ch6, R10-Ch9	
22	Pricing strategies	Objectives pricing policy methods	L28	T1-Ch8, R10-Ch9	
23	Revision of Unit 1 and 2	Revision of Unit 1 and 2	L29	T1-CH1,CH2 & CH3	
24	Revision of Unit 3 and 4	Revision of Unit 3 and 4	L30	T1-CH4, CH5, CH6 & CH7	
		-			
25	Business and new economic environment Characteristic features of business Features and evolution of sole proprietorship	Sold trading Features of business, features of business, factor effecting the choice of business, advantages disadvantages	L31	T1-Ch9, R8-Ch7	

S. No	Topics in JNTU	Modules and sub modules	Lecture No.	Suggested books	Remarks
26	Partnership	Kinds of partners, features ,advantages disadvantages	L32	T1-Ch9, R8-Ch7	
		Partnership deed, registration	L33	T1-Ch9, R8-Ch7	
27	Joints stock company	Incorporation of company, its features, advantages, disadvantages.	L34	T1-Ch9, R8-Ch7	
		Prospectus, memorandum of association.	L35	T1-Ch9, R8-Ch7	
28	Public enterprises and their types	Need for a public enterprises, public corporation, government companies	L36	T1-Ch9, R8-Ch7	
29	Changing business environment post liberalization scenario	Changes in business environment, Business scenarios	L37	T1-Ch10, R8-Ch7	
UNIT-IV (overview of capital and capital budgeting)					
30	Capital and Capital Budgeting	Significance of capital	L38	T1-Ch11, R8-Ch8	
31	Capital and its significance Types of capital Estimation of fixed and working capital requirements	Types of Capital , Components Estimation of fixed capital and working capital requirements	L39	T1-Ch11, R8-Ch8	
32	Methods and sources of raising finance	Methods of finance, Long term, medium term, sources	L40	T1-Ch11, R8-Ch8	
		Kinds of shares Medium term finance Institutions providing finance	L41	T1-Ch11, R8-Ch8	
33	Nature and scope of capital budgeting, Features of capital budgeting proposals	Nature significance features of capital budgeting proposals payback period problems	L42	T1-Ch12, R8-Ch9 R11-Ch15	
34	Methods of capital budgeting: Payback method Accounting Rate of Return (ARR) and net Present Value Method (simple problems)	Accounting rate of returns	L43	T1-Ch12, R8-Ch9 R11-Ch15	
		Discounted cash flow method NPV (simple problems)	L44	T1-Ch12, R8-Ch9 R11-Ch15	
UNIT-V (overview of final account)					
35	Introduction to financial accounting Double Entry Book Keeping	Financial accounting, Double entry book keeping	L45	T1-Ch13, R8-Ch10	

S. No	Topics in JNTU	Modules and sub modules	Lecture No.	Suggested Books	Remarks
36	Journal	Introduction to accounting principles concepts conventions personal a/c real a/c nominal a/c	L46	T1-Ch13, R8-Ch10	
37	Ledger	Rules of ledger posting problems general ledger accounts debtors ledger accounts creditors ledger account	L47	T1-Ch13, R8-Ch10	
38	Trail balance	Significance Preparation of trial balance Capital Revenue items	L48	T1-Ch13, R8-Ch10	
39	Final accounts	Introduction to final accounts Trading A/c preparation Gross profit allocation	L49	T1-Ch13, R8-Ch10	
40	Trading Account, Profit and loss A/c	Preparation of P and S A/c Netswfit ascertainment Problems	L50	T1-Ch13, R8-Ch10	
41	Balance sheet with simple adjustment	Preparation of B/s assets Liabilities explanation	L51	T1-Ch13, R8-Ch10	
42	Simple adjustments	Closing stock Prepaid expenses O/s expenses Depreciation Bad debts Interest on capital Interest on drawings	L52 L53	T1-Ch13, R8-Ch10	
		-			
43	Financial analysis through ratios Computation Analysis and interpretation of liquidity ratios	Meaning ratios Significance of interpretations Types of Ratios Liquidity Profitability and solvency ratios	L54	T1-Ch14, R8-Ch11,	
44	Current ratio Quick ratio	Current ratio Quick ratio and Acid test ratio	L55	T1-Ch14, R8-Ch11	
45	Activity ratios Problems practice (Inventory turn over ratios Debtors turnover ratios)	Inventory turn over ratio Debtors turnover ratio Creditors turnover ratio	L56	T1-Ch14, R8-Ch11	
46	Capital structure ratios(Debt-Equity ratio interest coverage ratio)	Debt equity ratio, Interest coverage Ratio	L57	T1-Ch14, R8-Ch11	
47	Profitability ratios (Gross profit ratio	Gross profit ratio Net profit ratio	L58	T1-Ch14, R8-Ch11	
48	Net profit ratio operating ratio P/E ratio and EPS)	Cost of goods sold average stock and Ratio limitations	L59	T1-Ch14, R8-Ch11	
49	Revision of Unit 5 & 6	Revision of Unit 5 & 6	L60	T1-CH8,CH9 & CH10	
50	Revision of Unit 7 & 8	Revision of Unit 7 & 8	L61	T1-CH11 & CH13	