



INSTITUTE OF AERONAUTICAL ENGINEERING (Autonomous)

Dundigal, Hyderabad - 500 043

COMPUTER SCIENCE ENGINEERING

QUESTION BANK

Course Title	BUSINESS ECONOMICS AND FINANCIAL ANALYSIS				
Course Code	AHSC13				
Program	B.Tech				
Semester	IV	CSE			
Course Type	Core				
Regulation	IARE - UG20				
Course Structure	Theory			Practical	
	Lecture	Tutorials	Credits	Laboratory	Credits
	3	-	3	-	-
Course Coordinator	Dr. S. Sivasankara Rao, Associate Professor				

COURSE OBJECTIVES:

The students will try to learn:

I	The concepts of business economics and demand analysis helps in optimal decision making in business environment.
II	The functional relationship between Production and factors of production and able to compute breakeven point to illustrate the various uses of breakeven analysis.
III	The features, merits and demerits of different forms of business organizations existing in the modern business environment and market structures.
IV	The concept of capital budgeting and allocations of the resources through capital budgeting methods and compute simple problems for project management.
V	Various accounting concepts and different types of financial ratios for knowing financial positions of business concern.

COURSE OUTCOMES:

After successful completion of the course, students should be able to:

CO 1	List the basic concepts of managerial economics and analysis, measurement of demand and its forecasting to know the current status of goods and services.	Remember
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CO 2	Examine to know the current status of goods and services. to know the economies and diseconomies of scale in manufacturing sector.	Analyze
CO 3	Summarize the four basic market models like perfect competition, monopoly, monopolistic competition, and oligopoly to know the price and quantity are determined in each model.	Understand
CO 4	Compare various types of business organizations and discuss their implications for resource allocation to strengthen the market environment.	Analyze
CO 5	Analyze different project proposals by applying capital budgeting techniques to interpret the solutions for real time problems in various business projects.	Analyze
CO 6	Develop the ability to use a basic accounting system along with the application of ratios to create (record, classify, and summarize) the data needed to know the financial position of the organization.	Apply

QUESTION BANK:

Q.No	QUESTION	Taxonomy	How does this subsume the level	CO's
MODULE I				
INTRODUCTION AND DEMAND ANALYSIS				
PART A - PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS				
1	Explain how managerial economics has its roots in Economics and Management. Does it have any links with other subjects? Support your answer	Understand	The student is able to know what managerial economics concept is and understand the any links with other subjects.	CO 1
2	How do you explain the relation of managerial economics with other subjects? Explain.	Remember	—	CO 1
3	Explain the basic concepts of managerial economics	Understand	The student is able to remember what economics and understand the basic concepts of ME.	CO 1
4	Distinguish between substitutes and complements with examples. How does this distinction of goods help in business decision making?	Analyze	The student is able to recall what the economics and understand its concepts and its application in real-time business and then analyzes their decisions.	CO 1

5	“The purpose of managerial economics is to show economic analysis can be used in formulating business policies, - Joel Dean. Interpret the meaning of the statement.	Understand	The student is able to know what the economics is and understand its usage in formulating business policies.	CO 1
6	Define Managerial Economics and point out its chief characteristics. How is Macro-Economic useful to Managerial Economics?	Remember	—	CO 1
7	Explain what the economics is and also elaborate its linkage with other subjects.	Understand	The student is able to know what the economics is and understand about its linkage with other subjects.	CO 1
8	What is meant by Demand? Everyone desires for an ambassador car. Does this mean that the demand for ambassador car is large?	Remember	—	CO 1
9	‘Statistical and mathematical techniques complicate the process of demand forecasting.’ Do you agree? Support your answer	Apply	The student is able to remember the demand forecasting and understand its purpose and apply these techniques to forecast.	CO 1
10	What is meant by elasticity of demand? Explain giving a suitable illustration, how elasticity of demand determines the price policy of a firm.	Remember	—	CO 1
PART - B LONG ANSWER QUESTIONS				
1	How Micro economics differ from Macro Economics? Explain in detail nature and scope of managerial economics?	Remember	—	CO 1
2	“Managerial Economics” bridges the gap between economic theory and business practice Explain.	Understand	The student is able to remember demand and understand about the various economic concepts.	CO 1

3	Explain how managerial economics has its roots in Economics and Management. Does it have any link with other disciplines? Support your answer.	Understand	The student is able to recall demand and understand about the elasticity of demand.	CO 1
4	Explain the concept of Arc & point Elasticity of Demand. Illustrate your answer with graph.	Understand	The student is able to know demand and understand about the measurement elasticity of demand.	CO 1
5	Define demand and write the exceptions of demand.	Remember	—	CO 1
6	What do you understand by shift in demand curve? Enumerate three possible reasons for such shift?	Remember	—	CO 1
7	What is demand and list out the reasons for which the demand is existed like that?	Understand	The student is able to remember the economies of scale and diseconomies of scale of scale when company expands its operations.	CO 1
8	What are the needs for Demand forecasting? Explain the various steps involved in demand forecasting?	Remember	—	CO 1
9	Illustrate the 'Law of demand'. What are the various factors that determine the demand for 'Mobile Phones'?	Understand	The student is able to recall demand and understand various factors effecting demand.	CO 1
10	Let initial $P = 10$ and $Q = 20$ and price declines to 9 and quantity demand increases to 23. Find Price elasticity of demand.	Remember	—	CO 1
11	What are the possible approaches to forecasting the demand for the existing products? Illustrate those methods in detail	Remember	—	CO 1
12	What are the possible approaches to forecasting the demand for new products? Illustrate those methods in detail	Remember	—	CO 1

13	Define Demand and outline various determinants of demand.	Remember	—	CO 1
14	Define Elasticity of demand? How is the Advertising elasticity of demand measured? Explain its role in business?	Remember	—	CO 1
15	Managerial Economics is the study of allocation of resources available to a firm or other unit of management among the activities of that unit explains?	Understand	The student is able to know the concept of managerial economics and understand the allocation of resources in organizations.	CO 1
16	“Managerial economics bridges the gap between economic theory and business practice,” Examine the statement.	Analyze	The student is able to remember the concept of economics and demonstrate the business practices and examine the gaps between business theory and economics.	CO 1
17	How does demand forecasting methods for new products vary from those for established products? Explain.	Understand	The student is able to recall demand and understand about the forecasting of demand.	CO 1
18	Explain the nature of problems studies in managerial economics. What is the importance of the study of such problems in business management?	Understand	The student is able to know demand and understand about the various problems studies under economics.	CO 1
19	Explain the differences between Individual and Market demand schedules	Understand	The student is able to remember demand and understand about the demand schedules.	CO 1
20	Explain how you measure elasticity of demand. Illustrate How do you interpret the different types of elasticity?	Understand	The student is able to recall demand and understand about the measurement of elasticity of demand.	CO 1
PART - C SHORT ANSWER QUESTIONS				
1	Define Economics.	Remember	—	CO 1
2	What is the meaning of elasticity?	Remember	—	CO 1
3	Explain about Macro Economics	Understand	The student is able to know the concept of economics and understand about types of economics.	CO 1

4	Explain the Normative Statement.	Understand	The student is able to recall the nature of demand and understand it.	CO 1
5	Define demand.	Remember	—	CO 1
6	Recall perfectly Price Inelastic Demand.	Remember	—	CO 1
7	Summarize about the Geffen's Paradox.	Understand	The student is able to know nature of demand understand the Geffen's paradox.	CO 1
8	Define Business Economics.	Remember	—	CO 1
9	Recall Unitary Price Elasticity of Demand	Remember	—	CO 1
10	Define cross elasticity of demand.	Remember	—	CO 1
11	Demonstrate Negative Income Elasticity.	Understand	The student is able to remember demand and understand about the elasticity of demand.	CO 1
12	Illustrate Income Elasticity is greater than unity.	Understand	The student is able to recall demand and understand about the elasticity of demand.	CO 1
13	Explain the Law of Demand	Understand	The student is able to know demand and understand about the law of demand.	CO 1
14	Outline the meaning of Exceptional Demand Curve	Understand	The student is able to remember demand and understand the nature of demand curve.	CO 1
15	List out the exceptions of Law of Demand	Remember	—	CO 1
16	What is the meaning Of Veblen or Demonstration effect?	Remember	—	CO 1
17	Explain the concept of Cross Elasticity of Demand in -case of Substitutes	Understand	The student is able to recall demand and understand the elasticity.	CO 1
18	Illustrate the factors affecting demand forecasting.	Understand	The student is able to know demand and understand about the factors effecting demand.	CO 1
19	Label the Cross Elasticity of Demand in case of Complimentary goods	Remember	—	CO 1
20	Define Elasticity of Demand	Remember	—	CO 1

MODULE II				
PRODUCTION AND COST ANALYSIS				
PART A - PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS				
1	Which of the following statements best describes the general form of a production function and why? (a) It is a purely technological relationship between quantities of input and quantities of output. (b) It represents the technology of an organization, sector of an economy. (c) Prices of inputs or of the output do not enter into the production function. (d) It is a flow concept describing the transformation of inputs into output per unit of time.	Remember	—	CO 2
2	Distinguish between short-run production function and long-run production function. The law of diminishing returns is sometimes known as the law of variable proportions. How? Explain the law with example and figure	Analyze	The student is able to know what production is and understand the production function and apply this function in organizations and then analyze the production functions and its laws.	CO 2
3	Explain the theoretical principles of production to explain the relative substitution of one input for another occurring as a result of the increased price of labour.	Understand	The student is able to know what the production is and understand the substitution effect.	CO 2
4	Examine the importance of the law of diminishing returns. What do you think to be its causes and effects?	Remember	—	CO 2
5	“Technical and/or managerial indivisibilities cause increasing return to scale.” Give your opinion.	Evaluate	The student is able to know what the production is and understand Economies of Scale and apply these in business and then analyze and evaluate.	CO 2

6	List out the difference between increasing, decreasing and constant returns to scale with the help of suitable figures only.	Understand	The student is able to know what the production laws and understand its returns at various times.	CO 2
7	With the increase in output of the firms, their average total cost and average variable cost curves come closer and closer to each other but never meet. Why?	Remember	—	CO 2
8	Distinguish between different Classifications of Cost	Analyze	The student is able to know what cost is and understand about cost and apply the cost in production and then analyze these costs usage on the basis of classification.	CO 2
9	Explain Break Even Analysis with the help of diagram	Understand	The student is able to know what is marginal cost and understand about the break even analysis.	CO 2
10	Distinguish between internal and external economies of scale.	Analyze	The student is able to know what is economies of scale and understand types of economies and apply these to avail economies of scale and then analyze the economies of scale acquired.	CO 2
PART - B LONG ANSWER QUESTIONS				
1	Distinguish in detail the different types of production function with their formulas.	Analyze	The learner is able to remember the production function and understand the features of production function and also apply it in real time and analyze the effectiveness of production function.	CO 2
2	Define 'Cost'. How are costs classified? Explain any five important cost concepts useful for managerial decisions.	Remember	—	CO 2

3	Explain various economies of scale and diseconomies of scale that accumulate to the firm when it expands its operations?	Understand	The student is able to remember the economies of scale concept and also understand how economies of scale will help in operations.	CO 2
4	Simplify the concept and assumptions of Break-even analysis, with the help of diagram	Analyze	The student is able to remember what the BEP is and understand the assumptions and apply the BEP concepts and analyze the values of BEA.	CO 2
5	Explain the concept of Production function? Why is it useful in the analysis of firms' behavior?	Understand	The student is able to know what the production and understand the concept of production function.	CO 2
6	Illustrate the Break-even chart with the diagram and also write in what way it is use full to know the profit and loss of the company?	Understand	The student is able to know what the BEA and understand it use.	CO 2
7	A firm starts its business with fixed expenses of Rs.60, 000 to produce commodity X. its variable cost is Rs.2 per unit. Prevailing market price of the product is Rs.6. How much the firm should produce to earn profit of Rs.20, 000 at this price?	Apply	The student is able to know what the BEP is and understand the concept of BEP and apply the BEP formulas.	CO 2
8	A manufacturer has sale of Rs.15, 000 at a profit of Rs.400. If he sells Rs.19, 000, he makes a profit of Rs.1, 200. Find out Contribution margin ratio, BEP a) Sale for a profit of Rs. 4,400	Apply	The student is able to know what the BEP is and understand the concept of BEP and apply the BEP formulas.	CO 2
9	Examine the significance of Break-Even Analysis. State the assumptions and limitations of Break Even Analysis	Analyze	The student is able to know what the BEP is and understand the assumptions of BEA and apply the concepts of BEA in real time and analyze its effectiveness.	CO 2

10	What is meant by Cost? Explain in detail about the concept of cost and nature of cost?	Remember	—	CO 2
11	Define Cobb Douglas production function? Explain production function with one variable input?	Remember	—	CO 2
12	Define Economies of Scale explain different types of External Economies and Internal Economies.	Remember	—	CO 2
13	A Company is operating at a fixed cost of Rs. 1,00,000 and variable cost of Rs. 50 each and sales volume is 10,000 units and selling price is Rs. 80 per unit. Calculate PVR, BEP, MS, Sales to earn a profit of Rs. 3,00,000 and profit when sales of Rs. 15,00,000.	Apply	The student is able to know what the BEP is and understand the concept of BEP and apply the BEP formulas.	CO 2
14	Outline the significance of Break-Even Analysis. State the assumptions and limitations of Break Even Analysis.	Understand	The student is able to know what the BEA and understand its assumptions.	CO 2
15	Explain the assumptions in Break -even analysis. Explain how Break –even analysis is used by the manager in their day-to-day operations?	Understand	The student is able to know what the BEA and understand its usage.	CO 2
16	If sales is 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 the profit earned? What should be the sales per earning a profit of Rs. 60,000?	Apply	The student is able to know what the BEP is and understand the concept of BEP and apply the BEP formulas.	CO 2
17	Define and Explain Iso-quants. What are the properties of Iso-quants? Explain the producer's equilibrium with the help of Iso-quants.	Remember	—	CO 2

18	"Most of the cost concepts are overlapping and repetitive". Do you agree with this statement? Simplify your answer.	Analyze	The student is able to know what the cost is and understand the concept of cost and apply the costing principles and analyze the various types of cost.	CO 2
19	If 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 the profit earned? What should be the sales per earning a profit of Rs. 60,000?	Apply	The student is able to know what the BEP is and understand the concept of BEP and apply the BEP formulas.	CO 2
20	Explain how cost - output relationship helps the enterprise or entrepreneurs in expansion decisions.	Understand	The student is able to know what the cost is and understand its usage in decision making.	CO 2
PART - C SHORT ANSWER QUESTIONS				
1	Recall the meaning of Margin of Safety.	Remember	—	CO 2
2	Explain the meaning of production function	Understand	The student is able to recall what the production is and understand production function.	CO 2
3	Outline how explicit cost varies from implicit costs.	Understand	The student is able to know what the cost is and understand various types of cost.	CO 2
4	Define Profit Volume Ratio.	Remember	—	CO 2
5	Write short note on Angle of Incidence	Remember	—	CO 2
6	What are the assumptions of BEA?	Remember	—	CO 2
7	What is production function and how it is formatted.	Remember	—	CO 2
8	Summarize the meaning of Margin of Safety.	Understand	The student is able to know what the BEP and understand the MS	CO 2
9	List out the assumptions of Break-Even Analysis.	Remember	—	CO 2

10	Outline the exceptions of law of diminishing marginal utility.	Understand	The student is able to know what the production and understand various production laws	CO 2
11	List out the Internal Economies of scale.	Remember	---	CO 2
12	List out the External Economies of scale.	Remember	---	CO 2
13	Illustrate the formula for Contribution.	Understand	The student is able to know what the BEA and understand about the contribution.	CO 2
14	Explain the formula for Margin of Safety.	Understand	The student is able to know what the BEA and understand MS formula.	CO 2
15	Interpret the formula for P/V Ratio.	Understand	The student is able to know what the BEA and understand P/V Ratio	CO 2
16	Recall the formula for Break-Even Point (in value)	Remember	---	CO 2
17	Explain the formula for Break-Even Point (in units)	Understand	The student is able to know what BEA and understand BEP formula.	CO 2
18	Summarize the features of production function	Understand	The student is able to know what production is and understand features of production function.	CO 2
19	Write a short note on Direct and indirect costs.	Remember	---	CO 2
20	Explain Managerial use of production function	Understand	The student is able to know what production is and understand the use of production function.	CO 2

MODULE III

MARKETS AND NEW ECONOMIC ENVIRONMENT

PART A - PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS

1	How does an individual firm behave under perfect competition? Also explain the firm and the industry equilibrium under perfect competition?	Remember	---	CO 3
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2	Explain the role of time factor in the determination of price. Also explain price output determination in case of perfect competition.	Understand	The student is able to understand what is market and understand impact of time factor in markets.	CO 3
3	Explain how the price is determined under conditions of perfect competition. Illustrate this with the help of diagrams.	Understand	The student is able to understand what is market and understand price determination in markets.	CO 3
4	Monopoly is disappearing from market. Do you agree with this statement? Give your opinion for the monopoly to continue in the market situations.	Analyze	The student is able to understand what the market is and understand about monopoly and then analyze about the existence in the market.	CO 3
5	"It is believed that a firm under a perfect competition is a price-taker and not a price-maker." Explain giving examples.	Understand	The student is able to know what the market is and understand about the perfect competition.	CO 3
6	Explain about the price determination in monopoly short run and long run.	Understand	The student is able to know what the market is and understand about the price determination in monopoly.	CO 3
7	"Firms may not maximise profit but they do have a profit policy." Discuss the above by bringing out clearly the various facets of a profit-policy decision by a firm.	Analyze	The student is able to know what is profit and understand profit policy and apply and analyze the existing profit policies.	CO 3
8	To maximize the profit in the short run, a perfectly competitive firm produces the output for which price is equal to average variable cost- Why/Why not?	Apply	The student is able to know what perfect competition is and understand about price determination and apply these in markets.	CO 3
9	The case of perfect competition is sometimes referred to as a 'benchmark' industrial structure. In this context, what do you think commentators mean by the term 'benchmark'?	Analyze	The student is able to know what competition is and understand about bench mark and then analyze about the benchmark.	CO 3

10	Assume that firms in the short run are earning above normal profits. Explain what will happen to these profits in the long run for a market having perfect competition. Explain.	Understand	The student is able to know what the market is and understand about earnings in perfect competition.	CO 3
PART - B LONG ANSWER QUESTIONS				
1	Explain how a firm attains equilibrium in the short run and in the long run under conditions of perfect competition	Understand	The student is able to know what market is and understand about the perfect competition.	CO 3
2	Define monopoly. How is price under monopoly determined?	Remember	---	CO 3
3	Explain the role of time factor in the determination of price. Also explain price-O/P determination in case of perfect competition	Understand	The student is able to know what market is and understand about the time factor in perfect competition.	CO 3
5	Explain the differences between perfect competition and monopoly	Understand	The student is able to know what market is and understand about the in perfect competition and monopoly.	CO 3
5	Distinguish between perfect & imperfect markets. And What are the different market situations in imperfect competition.	Remember	---	CO 3
6	"Perfect competition results in larger O/P with lower price than a monopoly" Explain the statement	Understand	The student is able to know what market is and understand about the in perfect competition and monopoly.	CO 3
7	Recall the features of Monopoly	Remember	---	CO 3
8	Explain the following (a) Monopoly (B) Duopoly (c) Oligopoly (d) imperfect competition.	Understand	The student is able to know what market is and understand about various types of markets.	CO 3
9	What is a market? Explain, in brief, the different market structures	Remember	---	CO 3

10	Monopoly is disappearing from markets. Do you agree with this statement? Do you advocate for monopoly to continue in market situations	Analyze	The student is able to remember Monopoly concepts and understand the features of monopoly and apply the concepts and then analyze.	CO 3
11	Define a joint stock company & explain its basic features, advantages & disadvantages.	Remember	—	CO 3
12	Recall (a) Sole trader (b) Stationery corporation	Remember	—	CO 3
13	Explain in basic features of Government Company from of public enterprise	Understand	The student is able to know what is business organization and understand Government enterprise.	CO 4
14	What do you mean by sole proprietorship? Explain its meant and limitations	Remember	—	CO 3
15	Define partnership from of business. Explain its salient features	Remember	—	CO 3
16	Explain the features of the following (a) public company (b) Government Company (c) Private Company.	Understand	The student is able to know what is business organization and understand its types.	CO 3
17	Outline the need of public enterprises? Explain the recent achievement of public enterprises	Understand	The student is able to know what is business organization and understand its types.	CO 4
18	What is a partnership deed? Discuss the main contents partnership deed	Remember	—	CO 3
19	Explain in basic features of Government Company from of public enterprise.	Understand	The student is able to know what is business organization and understand its types.	CO 4
20	Small is beautiful'. Do you think, this is the reason for the survival of the sole trader form of business organization? Analyze your answer with suitable examples	Analyze	The student is able to know what is business organization and understand about sole trader.	CO 4
PART - C SHORT ANSWER QUESTIONS				
1	Define market? Write few lines on Market Structure.	Remember	—	CO 3

2	What do you understand about Product differentiation?	Remember	—	CO 3
3	Write a short note on Perfect competition	Remember	—	CO 3
4	List out the features of Perfect Market.	Remember	—	CO 4
5	Illustrate about Monopolistic competition?	Understand	The student is able to know various markets and understand its concepts.	CO 4
6	Define Monopoly Competition and features of monopoly competition.	Remember	—	CO 4
7	Differentiate between Perfect market and Imperfect market.	Analyze	The student is able to know what market is and understand various types of markets and then apply these pricing decisions and then analyze these decisions.	CO 4
8	Write about Duopoly with examples?	Remember	—	CO 3
9	Define Oligopoly with suitable examples.	Remember	—	CO 5
10	What is meant by Total revenue, Average revenue and Marginal Revenue?	Remember	—	CO 3
11	Contrast on the features of sole trader.	Understand	The student is able to know what the forms of business organization are and understand about sole trader.	CO 5
12	What is meant by Partnership business?	Remember	—	CO 3
13	Differentiate between Sole trader and partnership?	Analyze	The student is able to know about business organizations and understand the various forms and analyze about their features.	CO 5
14	List out different kinds of Partners.	Remember	—	CO 3
15	Outline any three merits and demerits of Partnership.	Understand	The student is able to know what the forms of business organization are and understand about partnership.	CO 4
16	Write a short note on Partner by Estoppel.	Remember	—	CO 3

17	Summarize about the formation of Joint Stock Company.	Understand	The student is able to know what is company are and understand its formation.	CO 4
18	Recall about unlimited Liability.	Remember	—	CO 3
19	Define market? Write few lines on Market Structure.	Understand	The student is able to know what the market is and understand about the market structure	CO 5
20	What do you understand about Product differentiation?	Remember	—	CO 3
MODULE IV				
CAPITAL BUDGETING				
PART A - PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS				
1	Give various examples of capital budgeting decisions classify them into specific kinds.	Understand	The student is able to know what the capital budgeting is and understand decision making under capital budgeting.	CO 5
2	What is the importance of capital budgeting? Explain the basic steps involved in evaluating capital budgeting proposals.	Understand	The student is able to know what the capital budgeting is and understand evaluation process.	CO 5
3	What is NPV & IRR Compare and contrast the two methods of evaluating capital budgeting proposals.	Understand	The student is able to know what the capital budgeting is and understand various methods of capital budgeting.	CO 5
4	What are major sources of short-term finance?	Understand	The student is able to know what the capital and understand the short term and long term finances.	CO 5
5	What is meant by discounting and time value of money? How is it useful in capital budgeting?	Remember	—	CO 5
6	Demonstrate capital budgeting decisions under various circumstances.	Understand	The student is able to know what the capital budgeting is and understand decision making under capital budgeting.	CO 5

7	How the capital budgeting is important for finance of the organization? Produce the basic steps involved in capital budgeting proposal decisions.	Understand	The student is able to know what the capital budgeting is and understand the steps involved in capital budgeting decisions.	CO 5
8	Classify NPV & IRR and describe the two methods of evaluating capital budgeting proposals.	Understand	The student is able to know what the capital budgeting is and understand the calculation of NPV and IRR.	CO 5
9	In what way the medium term finance distinguish from sources of short-term finance?	Understand	The student is able to know what the capital is and understand the shrot term and long term finances.	CO 5
10	Explain the time value of money and how is it useful in capital budgeting?	Understand	The student is able to know what the capital budgeting is and understand the value of money changes in time beeing.	CO 5
PART- B LONG ANSWER QUESTIONS				
1	Define Capital and different types of capital. Explain its significance.	Remember	—	CO 5
2	Discuss the factors which are influenced on working capital requirement.	Understand	The student is able to know what the capital and understand its requierements.	CO 5
3	Explain about sources of capital /finance under long –term finance.	Understand	The student is able to know what the finance and understand long term and short term finances.	CO 5
5	Illustrate the available sources of finance in medium term and short term	Understand	The student is able to know what the capital and understand mid term and short term finances.	CO 5
5	Write about Pay-back Period. Describe the advantages and disadvantages of Pay-back Period.	Remember	—	CO 5
6	State the ARR Method and advantages and disadvantages of ARR Method.	Understand	The student is able to know what the capital budgeting is and understand its varoius techniques.	CO 5
7	Illustrate the NPV method with advantages and disadvantages.	Understand	The student is able to know what the capital budgeting is and understand its varoius techniques.	CO 5

8	Write the advantages and disadvantages of IRR Method.	Understand	The student is able to know what the capital budgeting is and understand pros and cons of IRR.	CO 5	
9	Explain the advantages and disadvantages of Profitability Index Method.	Understand	The student is able to know what the capital budgeting is and understand pros and cons of PI.	CO 5	
10	Define Capital Budgeting. Illustrate the significance and limitations of Capital Budgeting.	Understand	The student is able to know what the capital budgeting is and understand its importance.	CO 5	
11	The cost of a project is Rs.50,000 and annual cash inflows for the next five years are given as follows: 1st year Rs.25,000 2nd year Rs.25,000 3rd year Rs.25,000 4th year Rs.25,000 5th year Rs.25,000 Total 125,000 What is the pay-back period for the project?	Understand	The student is able to know what the capital budgeting is and understand the calculation of PBP.	CO 5	
12	There are two projects X and Y. Each project requires an investment of Rs.20, 000. You are required to Rank these two projects according to pay-back period method from the following information: Net Profits Before Depreciation and After Tax (NPBDAT) for Two projects were given below:	Apply	The student is able to know what the capital budgeting is and understand the calculation of PBP.	CO 5	
	Particulars	Process X (Rs.)	Process Y (Rs.)	Process Z (Rs.)	
	Materials	225	75	3	
	Labour	12	3	9	
	Direct Expenses	3	2	4	
	Carriage	2	3	1	
	Works Overheads	189	258	1895	

13	A firm is considering two projects each with an initial investment of Rs.20,000 and a life of 4 years. The following is the list of estimated cash inflows after taxes and depreciation.	Apply	The student is able to know what the capital budgeting is and understand the calculation of ARR.	CO 5			
		Years	Proposal 1 (Rs.)	Proposal 2 (Rs.)	Proposal 3 (Rs.)		
		1	12,500	11,750	13,500		
		2	12,500	12,250	12,5000		
		3	12,500	12,500	12,250		
		4	12,500	13,500	11,750		
		Total	50,000	50,000	50,000		
		Predict ARR on the basis of (i) Average Capital (ii) Original Capital Employed methods					
14	Company has an investment opportunity costing Rs.50, 000 with the following expected net cash flows after taxes and before depreciation.	Analyse	The student is able to know what the capital budgeting is and understand the calculation of NPV, PBP and PI.			CO 5	
		Years	Net Cash Inflows	P.V. of Rs. 1 @ 10% D.F.			
		1	20,000	0.909			
		2	15,000	0.826			
		3	25,000	0.751			
		4	10,000	0.683			
		Using 10% as the cost of capital determine (i) Pay-back Period (ii) Net Present Value @10% D.f. and (iii) Profitability Index @10% D.f.					
15	A project involves initial outlay of Rs. 1,29,600. Its working life is expected to be 3 years. The cash inflows are likely to be as follows: year1 Rs. 64,000; Year 2 Rs. 56,000 and Year 3 Rs. 24,000. Compute the internal rate of return.	Understand	The student is able to know what the capital budgeting is and understand the calculation of IRR.			CO 5	

16	A Company has an estimated Life of 4 years and an investment opportunity costing Rs.2,50,000 with the following expected Net Cash Flow After Taxes and Before Depreciation.		Apply	The student is able to know what the capital budgeting is and understand the calculation of NPV, PI and PBP .		CO 5
		Years	Net Cash Inflows	P.V. of Rs. 1 @ 24% D.F.		
		1	1,20,000	0.806		
		2	90,000	0.650		
		3	1,60,000	0.524		
		4	30,000	0.423		
		Using 24% as the cost of capital predict the following: (i)Net Present Value @24% D.f. (ii)Profitability Index @24%D.f (iii)Pay-back Period				
17	A Company has an investment opportunity costing Rs. 40,000 with the following expected net cash flow after taxes and before depreciation.		Apply	The student is able to know what the capital budgeting is and understand the calculation of NPV, IRR and PI.		CO 5
		Years	Net Cash Inflows	P.V. of Rs. 1 @ 10% D.F.	P.V. of Rs. 1 @ 15% D.F.	
1		7,000	0.909	0.870		
2		7,000	0.826	0.756		
3		7,000	0.751	0.658		
4		7,000	0.683	0.572		
5		7,000	0.621	0.497		
8		8,000	0.564	0.432		
7		10,000	0.513	0.376		
8		15,000	0.467	0.327		
9		10,000	0.424	0.284		
10		4,000	0.386	0.247		
Using 10% as the cost of capital compute: (i)Net Present Value @10% D.F. and 15% D.F. (ii)Profitability Index @10%D.f (iii)Pay-back Period (iv)IRR @10%D.F abd 15% D.F						
18	What is NPV & IRR Compare and contrast the two methods of evaluating capital budgeting proposals.		Remember	—		CO 5

19	What is meant by discounting and time value of money? How is it useful in capital budgeting?	Remember	—	CO 5
20	What is meant by discounting and time value of money? How is it useful in capital budgeting?	Remember	—	CO 5
PART- C SHORT ANSWER QUESTIONA				
1	List out the essentials of a budget.	Remember	-	CO 5
2	Compare relation budget with budgeting	Understand	This would require the learner to remember the concept of budgeting and understand basic relation between budget and bidgeting.	CO 5
3	Show the characteristics of good budgeting.	Remember	-	CO 5
4	List out the essentials of budgetary control.	Remember	-	CO 5
5	What are the objectives of budgetary control.	Remember	-	CO 5
6	List out the any five steps in budgetary control.	Remember	-	CO 5
7	Write any five advantages of budgetary control.	Remember	-	CO 5
8	Illustrate the five demerits of budgetary control.	Understand	This would require the learner to remember the concept of budgeting and understand disadvantages of Budgetory control.	CO 5
9	Explain the importance of flexible budget.	Understand	This would require the learner to remember the concept of budgeting and understandimportance of flexible budget.	CO 5
10	Demonstrate difference between fixed budget and Performance budget.	Understand	This would require the learner to remember the concept of budgeting and understanddifference between fixed budget and Performance budget.	CO 5
11	State the meaning of cash budget.	Remember	-	CO 5

12	List out the advantages of cash budget.	Remember	-	CO 5
13	State the factors which are considered for preparation of production budget.	Remember	-	CO 5
14	Briefly explain the meaning and advantages of master budget.	Understand	This would require the learner to remember the concept of budgeting and understand advantages of master budget.	CO 5
15	Show the meaning and characteristics of performance budget.	Understand	This would require the learner to remember the concept of budgeting and understand characteristics of performance budget	CO 5
16	List out the uses of performance budget.	Remember	-	CO 5
17	Explain any five requisites for successful budgetary control system.	Understand	This would require the learner to remember the concept of budgeting and understand requisites for successful budgetary control system.	CO 5
18	State the steps which are involved in zero based budgeting.	Remember	-	CO 5
19	State any five advantages of zero based budgeting.	Remember	-	CO 5
20	Write any four differences between fixed budget and flexible budget.	Remember	-	CO 5

MODULE V				
INTRODUCTION TO FINANCIAL ACCOUNTING AND FINANCIAL ANALYSIS				
PART A - PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)				
1	Write Journal Entries in the books of Mr. Sukumar from the following transactions 2008, Jan.1st Goods purchased from Raju on credit Rs. 10,000 Jan 2nd Goods purchased from Ramu Rs. 20,000 Jan 3rd Goods returned to Raju Rs. 1,000 Jan 4th Goods returned to Ramu Rs. 2,000 Jan 5th Goods sold to Suresh on credit Rs. 30,000 Jan 6th Goods sold to Mahesh Rs. 40,000 Jan 7th Goods returned from Mahesh Rs. 4,000 Jan 8th Goods returned by Suresh Rs. 3,000 Jan 9th Building sold to Venkat Rs. 50,000 Jan 31st Furniture purchased from Kishore Rs.5,000	Apply	The student is able to remember what the accounting is and understand how to write the journal entries and able to apply these accounting practices in the organizations.	CO 6
2	Write Journal Entries in the books of Mr. Bhavani Sankar from the following transactions 2002, Jan.1st Business commenced with Rs. 15,000 Jan.2nd. Cash paid into bank Rs. 10,000 Jan. 3rd. Sold goods for cash Rs. 7,000 Jan. 4th. Purchased goods from Vijay Rs. 3,000 Jan. 5th. Machinery Purchased for Rs. 5,000 Jan.30th Rent paid Rs. 2,000 Jan 31st Depreciation charged on Machinery Rs. 3,000 Jan 31st Depreciation charged on Furniture Rs.500	Apply	The student is able to know what the accounting is and understand how to write the journal entries and able to apply these accounting practices in the organizations.	CO 6

3	<p>Prepare Journal Entries in the books of Mr. Kiran from the following transactions and write ledger accounts. 2013,</p> <p>May 1st Insurance paid by cheque Rs.3,000 May 9th Telephone Rent Paid in cash Rs.2,000 May 10th Stationery Purchased for Rs.1,000 May 11th Telegrams sent to New Delhi Rs.2,500 May 12th Advertisement charges paid in cash Rs.5,000 May 13th Machinery Purchased for Rs.90,000 May 14th Furniture purchased for personal use Rs.30,000 May 13th Depreciation charged on Machinery Rs.9,000 May 14th Depreciation charged on Furniture Rs.3,000 May 15th Repairs Paid on Buildings Rs.15,000 May 16th Rent received for Rs.6,000</p>	Understand	The student is able to recall what the accounting is and understand how to write the journal entries.	CO 6
4	<p>Write Journal Entries in the books of Mr. Siva Kumar from the following transactions. 2010, Jan.1st Business started with cash Rs.50,000, Cheque Rs.30,000, Furniture Rs.20,000 and Stock Rs.20,000 Jan 8th Goods sold to Arjun on credit for Rs.3,500 Jan 9th Goods returned from Arjun Rs.500 Jan 10th Arjun settled his account with amount of Rs.2,900 Jan 11th Goods taken by proprietor for his personal use Rs.5,000 Jan 12th Cash taken by proprietor for his domestic use Rs.2,000 Jan 31st Telephone purchased for Domestic use Rs.10,000 Jan 31st Rent Paid for personal use Rs.5,000</p>	Apply	The student is able to remember what the accounting is and understand how to write the journal entries and able to apply these accounting practices in the organizations.	CO 6

5	<p>Prepare Journal Entries from the following in the books of Mr. Praveen and write ledger accounts of same. 2009, Dec 1st Business started with cash Rs.50,000, Stock Rs.30,000, Furniture Rs. 10,000 and Machinery Rs. 20,000. Dec 2nd Telephone charges paid in cash Rs.5,000 Dec 3rd Transport charges paid by cheque Rs.3,000 Dec 4th Advertisements charges paid to Naga Raju Rs. 4,000 Dec 5th Dividend received from Ashok company Pvt. Ltd. Rs.2,000 Dec 6th Furniture purchased for personal use Rs.5,000 Dec 7th Rent paid to Landlord Ramana for Rs.8,000</p>	Understand	The student is able to know what the accounting is and understand how to write the journal entries.	CO 6
6	<p>Write Journal Entries from the following in the books of Mr. Prasad 2010, Dec 1st Machinery purchased for Rs.15,000 Dec 9th Building purchased for 1,00,000 Dec 10th Computer purchased by cheque for Personal use Rs.20,000 Dec 11th Investments sold for Rs.25,000 Dec 12th Sale of Machinery for Rs.30,000 Dec 13th Sale of Furniture for Rs.10,000 Dec 14th Sale of Building for cash Rs.1,50,000 Dec 31st Computer Sold by cheque Rs.15,000</p>	Apply	The student is able to recall what the accounting is and understand how to write the journal entries and able to apply these accounting practices in the organizations.	CO 6

7	Write Journal Entries in the books of Gopal from the following: 2008, May 1st Business started with Rs.60,000 May 2nd Sale of Typewriter for Rs.1,000 May 3rd Salaries paid to staff by cheque Rs.5,000 May 4th Wages paid to Labour for Rs.15,000. May 5th Rent paid to Landlord Raja Rao Rs.8,000 May 6th Interest received from Rajani Rs.2,000 May 7th Commission received from Kamala Rs.3,000	Apply	The student is able to remember what the accounting is and understand how to write the journal entries and able to apply these accounting practices in the organizations.	CO 6
8	Record the following transactions in the books of Krishna Mohan. 2007, June 1st Business started with cash Rs.25,000 and Cheque Rs.20,000. June 2nd Interest paid for Rs.5,000 June 3rd Commission paid by cheque Rs.2,000 June 4th Salaries paid for Rs.5,000 June 5th Machinery purchased for Rs.6,000 June 6th Rent received for Rs.20,000	Apply	The student is able to know what the accounting is and understand how to write the journal entries and able to apply these accounting practices in the organizations.	CO 6
9	Record /consider the following transactions in the books of Mr. Kiran. 2009, July 1st Business started with cash Rs. 50,000 July 2nd Cash deposited into Bank Rs. 20,000 July 3rd Cash Withdrawn from Bank Rs. 10,000 July 4th Cash taken from bank for personal use Rs. 5,000 July 5th Cash Paid to Mohan Rs. 15,000 July 6th Cash received from Amar Rs. 8,000 July 7th Cheque received from Bharat Rs.2,000	Apply	The student is able to recall what the accounting is and understand how to write the journal entries and able to apply these accounting practices in the organizations.	CO 6

10	Prepare Trial Balance as on 31.12.2009 under balances method from the following information: Capital Rs.6,000; Cash in hand Rs. 500; Bills Receivable Rs.4,550 ; Land & Building Rs.6,000; Purchases Rs. 7,000; Sales Rs.8,000; Debtors Rs.3,300; Creditors Rs.600; Bills Payable Rs. 2,750; Bank Overdraft Rs.4,000.	Understand	The student is able to remember what the accounting is and understand how to write the journal entries and to prepare ledger and trail balance.	CO 6
PART - B LONG ANSWER QUESTIONS				
1	Define Financial Accounting. Explain the importance and Limitations of Financial Accounting.	Remember	—	CO 6
2	Explain with examples how you would use ratio analysis to understand financial statements?	Understand	The student is able to know what the accounting is and understand what various kinds of ratios.	CO 6
3	Define Account. Illustrate different types and principles of Accounts (Rules of Debit and Credit).	Remember	—	CO 6
5	Define Double Entry System. Describe the advantages and Disadvantages of Double Entry System.	Remember	—	CO 6
5	Outline the significance of Trial Balance. Sketch different methods of preparing Trial Balance.	Understand	The student is able to recall what the accounting is and understand various methods to prepare trail balance.	CO 6
6	List out different types of Accounting Concepts and Conventions.	Remember	—	CO 6
7	Summarize the importance of Balance Sheet. Draw the Performa of Balance sheet & Major involvements	Understand	The student is able to remember what the accounting is and understand preparation of balance sheet.	CO 6
8	List out the advantages of the Journal. and Illustrate the importance of the ledger	Remember	—	CO 6

9	What do you mean by final accounts? What are its constituents? Name them and briefly explain the purpose of each of them.	Remember	—	CO 6
10	Explain the significance of Trial Balance. Sketch different methods of preparing Trial Balance.	Understand	The student is able to know what the accounting is and understand various methods of preparing trial balance and its significance.	CO 6
11	Explain the importance of Trading Account. Illustrate the significance of Profit & Loss Account.	Understand	The student is able to recall what the accounting is and understand preparation of final accounts.	CO 6
12	Draw the Performa of Trading account, Profit & loss account and Major involvements	Remember	—	CO 6
13	What is Double Entry System? Describe the advantages and Disadvantages of Double Entry System.	Remember	—	CO 6
14	Draw the Performa of Balance sheet and Major involvements	Remember	—	CO 6
15	Explain with examples how you would use ratio analysis to understand financial statements?	Apply	The student is able to remember what the accounting is and understand various kinds of ratios and how apply these ratios to financial statements of the organization.	CO 6
16	Discuss various ratios to analyze the financial statement?	Understand	The student is able to know what the accounting is and understand various ratios used to analyze financial statements.	CO 6
17	Outline different types of Liquidity Ratios. Explain different types of Ratios.	Understand	The student is able to recall what the accounting is and understand various kinds of rations.	CO 6
18	Differentiate solvency and profitability ratios with examples.	Understand	The student is able to remember what the accounting is and understand various kinds of rations.	CO 6

19	Explain the accounting cycle with examples in detail?	Understand	The student is able to know what the accounting is and understand the components in it.	CO 6
20	Classify the difference between capital expenditure and capital receipt	Understand	The student is able to recall what capital is and understand the concept of capital gains and capital expenditures.	CO 6
PART - C SHORT ANSWER QUESTIONS				
1	Define Financial Accounting.	Remember	—	CO 6
2	Explain the meaning of Journal.	Understand	The student is able to remember what the accounting is and understand the journal.	CO 6
3	List out different types of Accounting Concepts.	Remember	—	CO 6
5	Illustrate the meaning of Double Entry System.	Understand	The student is able to recall what the accounting is and understand the methods of accounting.	CO 6
5	Recall the meaning of purchase book	Remember	—	CO 6
6	Define subsidiary books	Remember	—	CO 6
7	Explain the meaning of trial balance.	Understand	The student is able to know what the accounting is and understand the trial balance.	CO 6
8	List out the errors of principle	Understand	The student is able to recall what the accounting is and understand what kind of errors takes place in accounting.	CO 6
9	Outline few lines of Errors of Omission	Understand	The student is able to remember what the accounting is and understand what kind of errors takes place in accounting.	CO 6
10	Write a note on provisions for doubtful debts.	Remember	—	CO 6
11	Explain the Meaning of Revenue Receipt	Understand	The student is able to know what the accounting is and understand various kinds of receipts.	CO 6
12	Write the meaning of Contra Entry.	Understand	The student is able to recall what the accounting is and understand journal entries.	CO 6

13	Illustrate the meaning of ledger account.	Understand	The student is able to remember what the accounting is and understand ledger posting.	CO 6
14	Illustrate the meaning of Capital Expenditure.	Understand	The student is able to know what the accounting is and understand various types of expenditure.	CO 6
15	List out different types of Accounting Conventions.	Remember	—	CO 6
16	Write a short note on current ratio?	Remember	—	CO 6
17	Illustrate the formula for Operating ratio.	Understand	The student is able to recall what the accounting is and understand various kinds of ratios.	CO 6
18	Define the formula for Debt Equity Ratio?	Remember	—	CO 6
19	List out the limitations of ratio analysis.	Understand	The student is able to remember what the accounting is and understand pros and cons of ratios.	CO 6
20	What is the meaning Return on Capital Employed?	Remember	—	CO 6

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