

5. What is the major difference between funds flow statement and Cash flow statement.
6. R& D LTD. Purchased a machinery for Rs. 1,00,000 on 1.1.2000. It purchased another machinery on 1.1.2002 for Rs.50,000, on the same day it sold the First machinery for Rs.85,000. The rate of depreciation is 10% on diminishing value method. The company follows Accounting. Find out the value of depreciation up to 1.4.2004.

Part C

Reliance Ltd. proposed to purchase a machinery for Rs.1,00,000. The expected return on return is 10%. There are two alternatives available A and B. The expected cash inflow of the machineries is follows:

<u>Year</u>	<u>Machine A</u> Cash Inflow	<u>Machine B</u> Cash Inflow
1	25,000	45,000
2	30,000	40,000
3	35,000	35,000
4	40,000	30,000
5	45,000	25,000

10% discounting factor:

1st year 0.909	2 nd year 0.826	3 rd year 0.751
4 th year 0.686	5 th year 0.621	

Calculate:

- 1) Pay Back period
- 2) Net Present Value
- 3) Profitability Index
- 4) As a manager which machinery you will recommend for the management to purchase and why?
