

Name :

Roll No. :

Invigilator's Signature :

CS/B.TECH (CE-NEW)/SEM-8/CE-804/2011

2011

ACCOUNTANCY & ECONOMICS

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

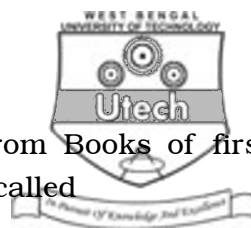
GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

$$10 \times 1 = 10$$

- i) Which of the following transactions does not affect the Balance Sheet totals ?
 - a) Purchasing trade items of Rs. 5,000 on credit
 - b) Paying Rs. 30,000 as salary to an Administrative staff
 - c) Collecting Rs. 40,000 from Debtors
 - d) Withdrawal of Rs. 6,000 by the firm's owner.
- ii) The provision for Bad Debts Account represents
 - a) the total of actual Bad Debts
 - b) some of the profit
 - c) the bad debts written off in the current year
 - d) none of these.



- iii) The process of transferring entries from Books of first entries to Books of second entries is called
- a) Balancing
 - b) Recording
 - c) Posting
 - d) Journalising.
- iv) Income received in advance by a business unit is
- a) an Asset
 - b) a Liability
 - c) a loss
 - d) none of these.
- v) In a free market economy the problem of allocation is solved by the
- a) consumption mechanism
 - b) profit mechanism
 - c) market mechanism
 - d) none of these.
- vi) In which market form there is no distinction between firm and industry ?
- a) Monopolistic competition
 - b) Monopoly
 - c) Perfect competition
 - d) None of these.
- vii) In perfect competition firms and consumers are
- a) price maker and quantity taker respectively
 - b) price influencer and quantity taker respectively
 - c) price taker and quantity decider
 - d) price taker and quantity adjuster respectively.
- viii) Classified summary of all transaction is called
- a) Cash Book
 - b) Journal
 - c) Ledger
 - d) Trial Balance.

- ### GROUP – B

Answer any *three* of the following. $3 \times 5 = 15$

- | | Rs. | | Rs. |
|------------------|------------|------------------------|------------|
| Cash Purchases | 1,48,600 | Brokerage on purchase | 7,900 |
| Credit Purchases | 2,75,700 | Stock on 01/04/2009 | 74,600 |
| Returns Inward | 4,600 | Cash Sales | 2,36,540 |
| Rrturns Outward | 3,300 | Credit Sales | 2,88,060 |
| Carriage Inward | 12,500 | Stock on 01/04/2010 | 1,00,000 |
| Carriage Outward | 15,768 | Advertisement Expenses | 5,560 |



3. Write down the characteristics of 'Indian Economy'.
4. What is cost function ? Discuss the short-run and long-run cost function. What are fixed and variable costs ?
5. From the following particulars prepare a Trial Balance for the year ended on 31. 03. 2010 :

	Rs. ('000)		Rs. ('000)
Land & Buildings	140	Stock as on 1st April, 2009	60
Sales	?	Import Duty	4
Sales Return	4	Bad Debts	2
Purchases	180	Capital	200
Salaries	20	Provision for Doubtful Debts	2
Sundry Debtors	40	Export	150
Rent	12	Plant	80
Bills Receivable	20	Export Duty	6
Import	100	Bank Overdraft	20
Loan taken	30	Bills Payable	10
Stock as on 1st April, 2010	70	Interest on loan	2
Sundry Creditors	12	Commission paid	3
Advance Income Tax	3	Purchase Return	6

6. Explain briefly the Margin of safety, Angle of Incidence and Break-even point drawing a Break-even Chart.

**GROUP – C****(Long Answer Type Questions)**Answer any *three* of the following. $3 \times 15 = 45$

7. Journalise the following transactions in the Books of M/s Roy Electronics and prepare a Sundry Creditors Account in their General Ledger.

Date	Transactions
April, 2009 2	Purchased 20 pcs. Laptops @ Rs. 18,000/- each on credit from M/s Aadrita Computers Ltd.
4	Returned 5 pcs. Laptops to M/s Aadrita Computers Ltd.
5	Paid a cheque of Rs. 2,00,000/- to M/s Aadrita Computers Ltd. against the above purchase bill.
10	Purchased 15 pcs. CPU @ Rs. 10,000/- each and 15 pcs. Monitors @ Rs. 4,000/- each on credit from M/s Aadrita Computers Ltd.
12	Paid a cheque of Rs. 1,80,000/- to M/s Aadrita Computers Ltd. against the last purchase.
17	Paid Rs. 65,000/- in cash against the first purchase in full settlement of its claim.

Discuss the various types of Errors in Accounting System and explain how they may affect Trial Balance and business profit.

8 + 7

8. M/s XYZ Co. Ltd. proposes to invest Rs. 20 lakhs in a project. The life of the project is 5 years and the estimated salvage value of the project is Rs. 2 lakhs. Depreciation is to be charged following straight line method. The Company's tax rate is 45%. The expected cash flows are as follows :

Year :	1	2	3	4	5
<i>Estimated cash flows before depreciation and tax :</i>	4,00,000	6,00,000	8,00,000	8,00,000	10,00,000



You are required to determine the following :

i) Pay Back period for the investment

ii) ARR on the investment

iii) NPV at 12% cost of capital.

15

9. What is Isoquant ? Discuss the assumptions and properties of Isoquant curves. Is it possible that two Isoquant curves can intersect each other ? Justify your answer. 3 + 8 + 4

10. From the following information of M/s ABC Co. Ltd. calculate the weighted average cost of capital.

Balance Sheet of ABC Co. Ltd. as on 31st March, 2010.

Liabilities	Rs.	Assets	Rs.
Share Capital :		Fixed Assets	30,00,000
10,000 Equity shares of Rs. 100 each fully paid up	10,00,000	Current Assets	10,00,000
15% 5,000 Preference Shares of Rs. 100 each fully paid up	5,00,000		
Reserve & Surplus	6,00,000		
Secured Loans :			
14% 3600 Debentures of Rs. 250 each	9,00,000		
Current Liabilities	10,00,000		
	40,00,000		40,00,000

Additional information :

i) Debentures are redeemable after 9 years at 5% premium and can be sold at par with 2% floatation costs.



ii) Preference Shares can be issued at par with a 2% floatation costs.

iii) Sale price of Equity Shares is Rs. 110 per share.

The Corporation Tax rate is 35% and the expected growth in equity dividend is 8% per year. The expected dividend at the end of the current financial year is Rs. 12 per share.

11. a) Define average product and marginal product. Establish a relationship between themselves.

b) Explain why the AC curve of a firm is U-shaped. 7 + 8

12. Write short notes on any *three* of the following : 3 × 5 = 15

a) Journal Proper

b) Golden Rule for debit & credit

c) Determinants of Price Elasticity of demand

d) Concept of Marginal Cost

e) Exceptions of Law of Demand.

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