



Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS/B.Tech(CE)/SEM-8/CE-804/2012**

**2012**

**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 × 1 = 10

i) The assumption that a business enterprise will not be sold or liquidated in the near future is known as

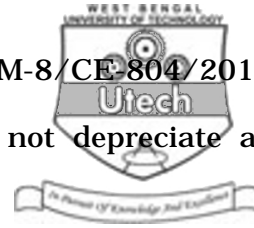
- |                   |                   |
|-------------------|-------------------|
| a) Entity concept | b) Conservation   |
| c) Going concern  | d) Monetary unit. |

ii) Trading account will disclose

- |                     |                   |
|---------------------|-------------------|
| a) Operating profit | b) Net profit     |
| c) Gross profit     | d) none of these. |



- iii) At break-even point
- a) Total sales = fixed cost
  - b) Total sales = variable cost
  - c) Total sales = total cost
  - d) Total sales = contribution (total).
- iv) Goodwill is a
- a) Fixed asset
  - b) Current asset
  - c) Fictitious asset
  - d) Wasting asset.
- v) Analysis of the national income is an example of
- a) Macroeconomics
  - b) Microeconomics
  - c) None of these
  - d) Both of these.
- vi) Inferior goods are those for which price elasticity ( $E_p$ ) is
- a) positive
  - b) negative
  - c) one
  - d) zero.
- vii) Margin of safety means
- a) BEP sales – Actual sales
  - b) Actual sales – BEP sales
  - c) Budgeted sales – BEP sales
  - d) BEP sales – Budgeted sales.



viii) Which of the following assets does not depreciate at all ?

- a) Machinery                      b) Building
- c) Land                              d) Inventory.

ix) Working capital is

- a) the capital invested in the business to meet its day-to-day capital requirements
- b) circulating in nature
- c) the excess of current assets over current liabilities
- d) all of these.

x) Demand curve slopes

- a) upward
- b) convex to the origin
- c) concave to the origin
- d) downward.

xi) Market equilibrium represents

- a) consumption status
- b) demand status
- c) supply status
- d) stability of demand and supply.

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xii) MC is rising when AC is

- a) rising
- b) falling
- c) neither falling nor rising
- d) all is true.



**GROUP – B**

**( Short Answer Type Questions )**

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

2. From the following prepare a Trial Balance for the year ended 31st March, 2012 :

<b>Account Title</b>	<b>Amount Rs.</b>	<b>Account Title</b>	<b>Amount Rs.</b>
Purchases	40,000	Capital	30,000
Sales Return	2,000	Sales	50,000
Salaries	2,000	Creditors	10,000
Interest paid	700	Commission	3,100
Cash	2,000	Wages	800
Debtors	10,000	Purchase Return	6,200
Bad Debts	600	Machine	10,000
Building	18,000	Opening Stock	7,000



3. Explain NPV technique of capital budgeting with the help of an example.
4. What is called a market equilibrium ?
5. In brief state the law of diminishing marginal utility.
6. Why is the cost curve 'U' shaped ?

**GROUP - C**

**( Long Answer Type Questions )**

Answer any *three* of the following.  $3 \times 15 = 45$

7. What is an Isoquant ? Discuss the assumptions and properties of an Isoquant curve ? Is it possible that two isoquant curves can intersect each other ? Justify your answer ?  
 $3 + 6 + 3 + 3$
8. a) Explain the concept of CVP analysis with any suitable example.  
b) The Fixed Cost amounts to Rs. 80,000 and the percentage of variable cost is  $66\frac{2}{3}\%$ . In 100% capacity sales are Rs. 4,00,000. Find out BEP and percentage of sales. Determine profit at 90% capacity utilization level.  
 $6 + ( 5 + 4 )$
9. a) Define monopoly. Give some examples of monopoly.  
b) What is price discrimination ?  
c) When is price discrimination possible and profitable ?  
 $3 + 3 + ( 4 + 5 )$

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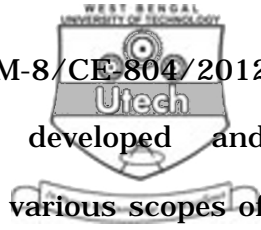


10. From the following information prepare a Trading Account, Profit and Loss Account for the year ended 31st March, 2012 and also Balance Sheet as on that date for ABC enterprises :

<b>Account Title</b>	<b>Amount Rs.</b>	<b>Account Title</b>	<b>Amount Rs.</b>
Purchases	1,75,000	Capital	2,81,000
Sales Return	10,000	Sales	3,00,000
Wages	12,000	Creditors	20,000
Salaries	10,000	Commission(Cr)	900
Land	1,00,000	Purchase Return	5,000
Insurance	1,200	Bank Overdraft	15,000
Opening Stock	25,000	Goodwill	15,000
Cash	5,700	General Expenses	5,000
Debtors	50,000	Selling Expenses	12,000
Bad Debts	1,000	Building	2,00,000

*Adjustments :*

- a) Closing Stock Rs. 30,000
- b) Provide depreciation @10% on building
- c) Further Bad Debts Rs. 1,000
- d) Salaries yet to be paid Rs. 3,000
- e) Insurance prepaid Rs. 300.



11. What are the differences between developed and underdeveloped economies ? What are the various scopes of economics in this developing world ?
12. What are the various techniques to estimate the cost of production ? What is the basic relationship between cost and production ?

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