



Name :

Roll No. :

Invigilator's Signature :

CS/B.Tech/CE/SEM-8/CE-804/2013
2013
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) If fixed cost decreases while variable cost per unit remains constant, the new contribution margin in relation to old will be

- | | |
|--------------|-------------------|
| a) unchanged | b) higher |
| c) lower | d) none of these. |



- ii) The break-even point would be increased by
- a) a decrease in fixed cost
 - b) an increase in contribution margin ratio
 - c) a decrease in variable cost
 - d) an increase in variable cost.
- iii) Lower payback period indicates
- a) more profit
 - b) less profit
 - c) moderate profit
 - d) none of these.
- iv) Balance sheet is a/an
- a) statement
 - b) account
 - c) ledger
 - d) none of these.
- v) Gross loss is determined in
- a) manufacturing account
 - b) trading account
 - c) profit & loss account
 - d) balance sheet.



- vi) Trial Balance is prepared to
- a) disclose the financial position
 - b) check the arithmetical accuracy
 - c) determine net profit
 - d) none of these.
- vii) Fixed cost means
- a) cost which is fixed at all levels
 - b) cost which is fixed up to a certain level
 - c) cost which varies with the production
 - d) none of these.
- viii) Regression analysis is a tool of
- a) forecasting method
 - b) decision making process
 - c) quality control process
 - d) none of these.
- ix) Demand curve is always
- a) downward sloping
 - b) horizontal
 - c) vertical
 - d) none of these.
- x) At perfectly elastic demand
- a) $E_d = 1$
 - b) $E_d > 1$
 - c) $E_d < 1$
 - d) none of these.



xi) A budget which consists of a series of budgets for a different levels of activity is known as

- a) fixed budget b) flexible budget
- c) master budget d) sales budget.

xii) Journal is a book of

- a) original entry b) primary entry
- c) final entry d) secondary entry.

GROUP - B

(Short Answer Type Questions)

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

2. Define the concept of production function. Distinguish between the short run and long run production function.
3. Write down the characteristics of Mixed Economy. Is Indian Economy a Mixed Economy ?
4. Define cost function. How can you differentiate between short run and long run cost functions ?
5. What is an indifference curve ? Discuss its properties.
6. Assume that a Project X costs Rs. 2,500. It is expected to generate year-end cash inflows of Rs. 900, Rs. 800, Rs. 700, Rs. 600 and Rs. 500 in years 1 through 5. The opportunity cost of capital may be assumed to be 10 per cent. Calculate NPV of the project.

**GROUP - C****(Long Answer Type Questions)**Answer any *three* of the following.

3 × 15 = 45

7. a) What is a cash budget ?
- b) Prepare a “Cash Budget” for the coming period from the following data including the extent of bank facilities the company will require at the end of each month :

Month	Sales (Rs.)	Purchase (Rs.)	Wages (Rs.)
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

Additional information :

- i) 50% of credit sales is realized in the month following the sales and the remaining 50% in the second month following.
- ii) Creditors are in the month following the month of purchase.
- iii) Wages are paid in the current month. Cash at Bank as on 1st April (estimated) Rs. 25,000.

3 + 12



8. a) What is break-even chart ?
 b) By making & selling 7,000 units of its product, a company would lose Rs. 10,000, whereas in the case of 9,000 units it would make a profit of Rs. 10,000 instead.

Calculate :

- i) The amount of fixed expenses.
- ii) The no. of units to break even.
- iii) The profit or loss for 10,000 units.
- iv) The no. of units to earn a profit of Rs. 40,000.

The selling price can be assumed at Rs. 80.

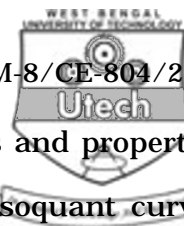
$$3 + 4 + 3 + 2 + 3$$

9. a) What is a journal ?
 b) Journalise the following transactions and post them into ledger and balance them :

$$2 + 13$$

Rs.

Started Nursing Home with cash	10,00,000
Purchased medical & surgical equipment	2,00,000
Salaries paid to paramedical staff	50,000
Wages paid to Group D staff	10,000
Purchased medicine from Dey's Medical	5,00,000
Purchased stationeries	2,00,000
Sold medicine	7,00,000
Paid electric bill by cheque	10,000
Returned goods to Dey's Medical	50,000
Deposit cash into bank	20,000



10. 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
11. What are the various techniques to estimate the cost of production ? What is the basic relationship between cost and production ?
12. Write short notes on any *three* of the following : 3 × 5
- a) Marginal cost
 - b) Journal proper
 - c) Marginal utility
 - d) Contribution analysis
 - e) Inferior goods.

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