M.TECH/REEN/2ND SEM/HMTS 5201/2017
FOUNDATION COURSE ON FINANCE, ECONOMICS & MARKETING
(HMTS 5201)

Time Allotted: 3 hrs **Full Marks: 70**

Figures out of the right margin indicate full marks.

Candidates are required to answer Group A and
Any 5 (five) from Group B to E, taking at least one from each group.

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

Group – A
(Multiple Choice Type Questions)

1. Choose the correct alternative for the following: **10 × 1=10**

(i) Which is not true at Break-Even Point?
(a) Total income and total expense are same (b) High profit
(c) No loss (d) No profit.

(ii) Overdraft facilities are permissible only in
(a) savings accounts (b) current accounts
(c) deposits accounts (d) import accounts.

(iii) An example of variable cost is
(a) raw materials cost
(b) depreciation of furniture
(c) samples
(d) factory manager's salary.

(iv) Increase in price of goods due to increase in price of diesel is an example of
(a) demand-pull inflation (b) hoarding
(c) cost-push inflation (d) deficit financing.

(v) In which of the following markets, are the outstanding long-term financial instruments traded?
(a) Money market. (b) Forex market.
(c) Primary capital market (d) Secondary capital market.

(vi) Which of the following is not a capital budgeting technique?
(a) Pay back method
(b) Cost comparison method
(c) Net present value method
(d) Internal rate of return method.

(vii) Payback period of a project can be calculated by
(a) dividing cost of the project by sum of annual profit and annual depreciation.
(b) dividing cost of the project by useful life .
(c) dividing cost of the project by I.R.R.
(d) dividing cost of the project by salvage value.

(viii) Which one of the following is a money market instrument?
(a) Equity share (b) Preference share
(c) Debentures (d) Certificate of deposit.

(ix) The standard Liquidity ratio is
(a) 2: 1 (b) 1: 1 (c) 1: 2 (d) none of these

(x) If production increases, variable cost will
(a) vary on a per unit basis
(b) remain constant on a per unit basis
(c) increase by a fixed amount
(d) remain unchanged.

Group – B

2. (a) Discuss about the Short-term sources of Finance of a Business.

(b) Describe the differences between Capital Market and Money Market.

6 + 6 = 12

3. (a) Define NPV. What are the differences between IRR and NPV?

(b) Define Law of Demand. What are the Exceptions to the Demand Law?

6 + 6 = 12

Group – C

4. (a) Define Inflation. Write short notes on Cost push vs. Demand pull Inflation.

(b) Discuss the concept of National Income. Explain GDP and GNP.

6 + 6 = 12

Group - E

8. (a) State the importance of Market Segmentation.

(b) From the following figures of Topno Ltd. Calculate the following financial ratios. All figure are in ` Lakhs:
Cash & Bank balances 200;
Sundry Debtors 1400;
Stock 2800
Sundry Creditors 1600;
Bank Overdraft 600;
Credit Sales 8400
Gross Profit 2100.
Calculate:
i) Current Ratio,
ii) Quick Ratio,
iii) Debtors Turnover Ratio,
iv) Average Collection Period,
v) Gross Profit Ratio.

5 + (1 + 1 + 1 + 2 + 2) = 12

9. (a) (i) Discuss the role of personal selling in the promotion mix.
(ii) State briefly the tools used by public relations professionals.

(b) A Company budgets for a production of 150000 units. The variable cost per unit is ` 14 and fixed cost is ` 2 per unit. The company fixes its selling price to fetch a profit of 15% on cost.

(i) What is the Break-even Point?
(ii) What is Profit-volume Ratio?
(iii) If it reduces its selling price by 5%, how does the revised selling price affect the break-even point and the profit-volume ratio?
(iv) If a profit increase of 10% is desired more than the budget, what should be the sale at the reduced prices?

(3 + 3) + (1+1+2+2) = 12

5. (a) Narrate how Gross profit and Net profit is calculated. State the objectives of Balance Sheet.

(b) Journalise the following transactions (narration not required)

2013	`
April 2 Cash Sales	15,000
April 4 Paid Salaries	6,000
April 6 Sold goods to Pankaj	10,000
April 10 Cash Purchases	5,000
April 13 Paid for stationery	100
April 18 Goods taken by proprietor for personal use	1000
April 23 Bought goods from Manoj	13,000
April 25 Received from Pankaj on account	4,000
April 27 Sold goods for Cash	4,000
April 30 Received interest on investments	1,400

6 + 6 = 12

Group – D

6. (a) (i) "Every debit must have a corresponding credit" – explain

(ii) Writes short notes on Classification of Accounts.

(b) The following balances are extracted from the books of Mallika as on 31.12.2012. Prepare a trial balance as on that date:-
Capital ` 15,000; Land & Building ` 15,600; Bank overdraft ` 2,500; Cash in hand ` 680; Stock-in-trade 1.1.12 ` 6,000; Purchases ` 7,200; Provision for Bad Debts ` 370; Sales ` 17,000; Wages ` 1,250; Salaries ` 700; Advertisement ` 210; Rent and Taxes ` 160; Insurance ` 40; Discount allowed ` 300; Repairs to Building ` 210; Interest and Discount Received ` 500; Debtors ` 6,620; Creditors ` 4,100; General Expenses ` 500.

(3 + 3) + 6 = 12

7. (a) Define Ledger and Balance Sheet and elaborate their role in accounting context.

(b) Prepare Trading and Profit & Loss a/c for the year ended on 31.03.2011 and a Balance Sheet as on 31.03.2011 considering the Trial Balance and adjustments

that follows:

Particulars	**Debit (`)**	**Credit (`)**
Stock (01.04.2010)	60,000	-
Drawings	22,000	-
Trade expenses	1,350	-
Salaries	11,200	-
Advertising	840	-
Discount	600	-
Bad debts	800	-
Business premises	12,000	-
Furniture & fittings	10,000	-
Cash	2,060	-
Capital	-	70,000
Purchase returns	-	2,600
Purchases/ Sales	1,50,000	2,50,000
Sales returns	5,400	-
Wages	7,000	-
Conveyance charges	1,320	-
Rent, rates & taxes	5,600	-
Interest	430	-
Plant	20,000	-
Sundry debtors	92,000	-
Sundry creditors		60,000
Bank overdraft	-	20,000
Total	4,02,600	4,02,600

Additional information :

(i) Stock (31.03.2011) ` 90,000

(ii) Outstanding rent ` 500 and outstanding wages ` 400.

(iii) Prepaid insurance and salaries amount to ` 300 and ` 700 respectively.

(iv) Further bad debts incurred ` 800.

(v) Create provision for bad debts @ 5% on debtors.

(vi) Provide depreciation on business premises @2.5% plant @ 7.5% furniture @ 10%.

3 + 9 = 12