

Group - E

8. (a) Discuss the causes of inflation. Explain GDP and GNP.
- (b) SB Ltd. furnishes you with the following cost and price structure for its article X on the basis of production of 50,000 units :-
 Selling price = Rs. 300.00 per unit
 Variable costs = Rs. 150.00 per unit
 Fixed Costs = Rs. 50.00 per unit
 Profit = Rs. 100.00 per unit
- Owing to heavy competition in the market, the company decided to reduce the price of the article but at the same time desires that its net profit is not disturbed.
- You are asked to state the level of output to earn the same amount of profit if the price is reduced by (a) 5% and (b) 10%.

(3 + 3) + 6 = 12

9. (a) (i). What do you mean by market segmentation? Explain.
 (ii). Discuss about the Marketing Mix in view of modern marketing concepts.
- (b) A Company has an investment opportunity costing Rs. 40,000 with the following expected net cash flow(i.e. after taxes and before depreciation):

Year	Net cash flows Rs.
1	7000
2	7000
3	7000
4	7000
5	7000
6	8000
7	10000
8	15000
9	10000
10	4000

- Using 10% as the cost of capital (rate of discount) determine the following
- Pay Back Period
 - Net Present value of 10% discounting factor
 - Profitability Index at 10% discounting factor
 - Internal rate of return with the help of 10% discounting factor and 15% discounting factor.

(3 + 3) + 6 = 12**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) _____ is an example of Real Account
 (a) Sundry creditors (b) Machinery
 (c) Salary (d) Mr. R (Proprietor).
- (ii) What we know from the Trading account?
 (a) Net profit (b) Selling and distribution expenses
 (c) Operating profit (d) Gross profit.
- (iii) Current ratio is a ratio between
 (a) current asset and current liability (b) current liability and current asset
 (c) current asset and turnover (d) none of these.
- (iv) As a source of capital, debt is more
 (a) risky (b) long-term
 (c) expensive (d) permanent.
- (v) Accounting Equation is
 (a) Capital = Assets-Liabilities (b) Assets = Capital-Liabilities
 (c) Liabilities = Capital-Assets (d) None of these.
- (vi) Debit the receiver, credit the giver is a rule for
 (a) personal accounts (b) nominal account
 (c) real account (d) none of these.
- (vii) Balance sheet is prepared
 (a) to check the accuracy of Books (b) to know the financial position
 (c) to know the net profit or loss (d) to find out the value of assets.

- (viii) Purchase of furniture for cash
 - (a) increases total assets
 - (b) decreases total assets
 - (c) increases total liabilities
 - (d) leaves total assets unchanged.
- (ix) Outstanding wages appearing in trial balance is shown in Balance sheet as
 - (a) current asset
 - (b) current liability
 - (c) other liability
 - (d) fixed asset.
- (x) Which one of the following is a money market instrument?
 - (a) Equity share
 - (b) Preference share
 - (c) Debentures
 - (d) Commercial paper.

Group - B

- 2. (a) Discuss the interface of financial management with other areas of business management.
- (b) State the relevance of time value of money in financial decision making.

6 + 6 = 12
- 3. (a) State briefly about the long-term sources of finance of a business.
- (b) Describe the financial institutions of Indian financial system.

6 + 6 = 12

Group - C

- 4. (a) What are the different types of accounts? Narrate with examples. What are the rules for debit and credit?
- (b) Journalize the following transactions with narrations:
 - i. Started business with cash of Rs.30000 on January 01, 2013
 - ii. Purchased Furniture for office use of Rs.10000 on January 02.
 - iii. Purchased goods for cash for Rs.10000 on January 03
 - iv. Withdrew from office cash for rent of proprietor's residential flat Rs.5000 on January 04
 - v. Amount deposited to bank for opening an account for Rs.5000 on January 05
 - vi. Cash received from sales of goods for Rs.8000 on January 06.

(4 + 2) + 6 = 12
- 5. (a) Narrate the meaning and process of accounting. Discuss about journal.
- (b) Prepare a trial balance from the following particulars for the year ended 31.12.2017: --
 - Investment Rs.1,800; Plant and Machinery Rs.6,000; Cash Rs.600;
 - Sundry Debtors Rs.10,500; Stock Rs.28,800; Wages Rs.9,600; Railway

charge Rs.1,500; Purchases Rs.36,000; Returns Inwards Rs.300; Sales Rs.75,000; Discount on purchases Rs.1,200; Provision for bad debts Rs.1,500; Income Tax Rs.150; Office expenses Rs.1,500; Discount on Sales Rs.1,500; Repairs Rs.400; Travelling expenses Rs.1,500; Rent Rs.680; Interest on overdraft Rs.60; Drawings Rs.1,500; Capital Rs.15,000; Sundry Creditors Rs.6,990; Bills payable Rs.3,500; Chartered Bank A/c (Cr.) Rs.1,200; Advances (Dr.) Rs.1,000; Patents Rs.1,000.

(4 + 2) + 6 = 12

Group - D

- 6. (a) Write short notes on Liquid Ratio and Debt-equity ratio.
- (b) From the under mentioned Trial Balance of a trader as on 31.12.2017 prepare a Trading Account and Profit and Loss Account for the year ended 31.12.2017 and a Balance Sheet as on 31.12.2017:

	Dr. (Rs.)		Cr. (Rs.)
Cash in hand	1,200		
Purchases	1,20,000	Capital	1,00,000
Stock (Opening)	35,000	Bills Payable	24,000
Sundry Debtors	50,000	Sundry Creditors	22,000
Plant & Machinery	60,000	Sales	2,00,000
Furniture & Fixture	15,000	Bad Debts Reserve	1,200
Bills Receivable	20,000		
Rend and Taxes	10,000		
Wages	16,000		
Salaries	20,000		
	3,47,200		3,47,200

Additional information supplied:

- i. Closing stock Rs.40,000.
- ii. Provide outstanding liabilities: Rent and Taxes Rs.2,000; Wages Rs.3,000; Salaries Rs.4,000.
- iii. Depreciation: Plant and Machinery 5%, Furniture & Fixture 10%.
- iv. Bad debts reserve @2.5% on Sundry Debtors.

4 + 8 = 12

- 7. (a) Discuss about Pay-back period and Profitability Index method of Capital Budgeting.
- (b) Explain the terms variable cost and fixed cost. What is the significance of Break-even point?

5 + (4 + 3) = 12