

**B. E. ELECTRICAL ENGG. (PART TIME) FIFTH YEAR FIRST SEM. EXAM 2018 (OLD)****ENGG. ECONOMICS AND COSTING**

Time: Three Hours

Full Marks: 100

Answer any *five* questions.

1. a) State the Law of Demand and the Law of Supply. Explain with illustration as to how the equilibrium price and quantity is attained in a perfectly competitive market. 4+6
- b) Define price elasticity of demand. What are the factors affecting the price elasticity of demand? 2+6
- c) Define income elasticity of demand and cross-elasticity of demand. 2
2. a) Explain briefly the method of deriving the selling price of a product. 5
- b) From the following information prepare a cost sheet for 10000 units of goods. 15
- Direct Material – ₹ 3,00,000.00
- Opening stock of raw materials – ₹ 1,00,000.00
- Closing stock of raw materials – ₹ 30,000.00
- Direct Wages – ₹ 60,000.00
- Direct Expenses – ₹ 70,000.00
- Factory Overhead – ₹ 1,00,000.00
- Selling & Distribution Overhead – ₹ 50,000.00
- Administrative Overhead – ₹ 75,000.00
- 6000 units of goods were sold at ₹ 7,00,000.00.
- Find
- i) total profit
- ii) percentage of profit on sales value
3. a) What do you mean by money? What are its functions? 2 + 8
- b) Explain briefly Quantity Theory of Money and its limitations. 10

4. a) What is meant by the term "inflation"? What necessary steps can be taken to control inflation? 2+8
- b) What is deflation? Distinguish between inflation and deflation. Which do you consider to be a worser situation - an inflationary situation or a deflationary situation and why? 2+6+2
5. a) What is a Trial Balance? What are the features of a Trial Balance? What do you mean by Suspense Account? 2+6+2
- b) What is a Balance Sheet? What is an asset and what are the differences between fixed assets and current assets? 2+(2+6)
6. Journalise the following transactions:
- i) Mr. Banerjee commenced business with cash of ₹ 4,00,000 on 1-1-2017.
  - ii) Purchased goods on credit from Shyam ₹ 30,000 on 2-1-2017.
  - iii) Purchased goods for cash ₹ 10,000 on 3-1-2017.
  - iv) Paid to Gopalan in advance for goods ordered ₹ 2,000 on 4-1-2017.
  - v) Goods sold to Mr. Sen for ₹ 1,00,000 on 10-1-2017.
  - vi) Goods sold on credit to Mr. Roy for ₹ 7,500 on 20-1-2017.
  - vii) Received cash of ₹ 30,000 from Mr. Biswas as advance on 20-1-2017.
  - viii) Purchased furniture for office use for cash of ₹ 20,000 on 20-01-2017.
  - ix) Paid wages of ₹ 5,000 on 21-01-2017.
  - x) Received commission in cash of ₹ 6,000 on 21-1-2017.
  - xi) Goods worth ₹ 200 returned to Shyam on 21-01-2017.
  - xii) Paid ₹ 200 for postage and telegrams on 22-01-2017.
  - xiii) Paid for stationery ₹ 2,000 on 22-1-2017.
  - xiv) Paid ₹ 500 into Bank on 23-01-2017.
  - xv) Paid salaries ₹ 70,000 on 23-1-2017.
  - xvi) Paid rent ₹ 50,000 on 25-1-2017. 20

7. The following Trial Balance of J. K. Traders as on 31<sup>st</sup> March, 2017 is not correct. Draw a correct Trial Balance stating reason.

Particulars	Debit	Credit
1. Sales		₹ 55,828
2. Capital		₹ 30,000
3. Drawings	₹ 6,500	
4. Stock (1 <sup>st</sup> April, 2016)	₹ 34,890	
5. Returns inward		₹ 1,108
6. Carriage outward	₹ 2,480	
7. Loan to B. Roy		₹ 2,000
8. Returns outward	₹ 1,680	
9. Carriage outward		₹ 1,450
10. Deposit with D. P. Sen		₹ 2,750
11. Interest received on loan		₹ 50
12. Rent	₹ 1,640	
13. Rent outstanding	₹ 260	
14. Stock (31 <sup>st</sup> March, 2017)		₹ 37,584
15. Purchases	₹ 25,940	
16. Debtors	₹ 11,460	
17. Creditors		₹ 6,000
18. Advertisement expenses	₹ 1,908	
19. Bad debts	₹ 800	
20. Bills payable	₹ 2,400	
21. Patents		₹ 1,000
22. Cash	₹ 124	
23. Discount Allowed		₹ 660
24. Wages	₹ 1,508	
<b>Total</b>	<b>₹ 91,590</b>	<b>₹ 1,38,430</b>

8. Prepare a Trading and Profit & Loss Account and a Balance Sheet from the following particulars taken from the books of Jain Traders for the year ending 31<sup>st</sup>. March 2017:

Cash at Bank	: ₹ 5,000
Drawings	: ₹ 8,700
Capital	: ₹ 3,00,000
Wages	: ₹ 25,600
Travelling expenses	: ₹ 15,900
Salaries	: ₹ 1,14,600
Rent & Taxes	: ₹ 50,900
Customs Duty	: ₹ 5,000
Carriage inwards	: ₹ 4,400
Carriage outwards	: ₹ 1,400
Sales	: ₹ 6,64,700
Returns Outward	: ₹ 2,800
Purchases	: ₹ 3,72,000
Machinery	: ₹ 2,70,000
Stock (on 01-04-2016)	: ₹ 47,500
Returns Inward	: ₹ 3,500
Furniture	: ₹ 15,000
Debtors	: ₹ 80,000
Discount received	: ₹ 2,000
Creditors	: ₹ 50,000

**Adjustments:**

1. Stock (on 31-03-2017) was valued at ₹ 56,000
2. Depreciation on machinery @ 10% and on furniture @ 5%