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**M.Sc. IN FOOTWEAR TECHNOLOGY
(MSCFWT)**

Term-End Examination

June, 2012

**MFW-028 : MANAGERIAL ECONOMICS AND
FUNDAMENTALS OF ACCOUNTS AND FINANCE**

Time : 3 Hours

Maximum Marks : 70

Note : Attempt any seven questions. Each questions carry equal marks.

1. Journalise the following transactions : 10
- (a) Amit is declared insolvent. Received from his official receiver a first and final composition of 60 paise in the rupee on a debt of Rs. 4,000.
 - (b) Paid Rs. 250 in cash as wages on installation of a machine.
 - (c) Provide 10% depreciation on furniture costing Rs. 5,000.
 - (d) Sold goods to menu list price Rs. 4,000, trade discount 10% and cash discount 5%. He paid the amount on the same day and availed the cash discount.

- (e) Out of rent paid this year, Rs. 1,000 is related to next year.
- (f) Cash purchase were of Rs. 10,000. Cash sales of Rs. 8,000.
- (g) Proprietor withdrew for private use Rs. 2,000.
- (h) Interest on capital charged Rs. 500.
- (i) A cheque of Rs. 5,000 received from y was dishonoured.
- (j) Old news paper sold Rs. 50.

2. Develop accounting equation from the 10 followings :

- (a) Started business with cash Rs. 1,20,000.
- (b) Purchased goods for Rs. 40,000 on credit.
- (c) Goods costing Rs. 60,000 sold for Rs. 80,000 on credit.
- (d) Paid rent Rs. 1,500.
- (e) Withdrew for private use Rs. 5,000 in cash.
- (f) Received Rs. 800 for commission.
- (g) Goods destroyed by fire Rs. 2,500.
- (h) Introduced fresh capital Rs. 25,000.
- (i) Purchased securities for cash Rs. 1,50,000.
- (j) Paid rent in advance Rs. 3,000.

3. Rectify the following error. (Attempt *any five*) ^{5x2=10}
- (a) Total of sales figure was taken as Rs. 56,000 instead of Rs. 65,000.
 - (b) The total of purchases return book was under cast by Rs. 100.
 - (c) Sale of old furniture for Rs. 900 was wrongly entered in machinery A/c.
 - (d) Rs. 1,000 received from A was posted to the credit of B.
 - (e) A credit sale of Rs. 2,000 made to Mr. S was recorded twice in his account.
 - (f) Sale's returns book was overcast by Rs. 50.
 - (g) Discount of Rs. 2000 received was posted to the debit of discount A/c.
 - (h) An item of purchase of Rs. 151 was entered in the purchase book as Rs. 15 and posted to the supplier account Rs. 51.
 - (i) Opening stock was overstated by Rs. 6,000.

4. From the following data, calculate the following Ratio's. **10**
- (a) Gross Profit Ratio
 - (b) Net Profit Ratio
 - (c) Current Ratio
 - (d) Debt-Equity Ratio

When :

Net Sales	- 30,000
Cost of Sale's	- 20,000
Net Profit	- 3,000
Current Assets	- 6,000
Stock	- 1,000
Current Liabilities	- 2,000
Paid-up Share Capital	- 5,000
Debenture	- 2500

5. Explain the following concept with (Example). 10
(a) Least cost combination
(b) Break - even point.
6. What is inflation ? What are the features of inflation ? How inflation can be controlled in an economy ? 10
7. What is Return to Scale ? Explain variable returns to scale with graph and suitable examples. 10
8. What is national income ? How many methods to calculate the national income ? Explain the value added method to calculate the national income with steps and precautions. 10