

**B.Sc. FOOTWEAR DESIGN AND  
PRODUCTION (BSCFWP)**

**Term-End Examination**

**December, 2016**

00073

**BFR-035 : BUSINESS ECONOMICS  
AND ACCOUNTS**

*Time : 3 hours*

*Maximum Marks : 70*

**Note :**

- (i) *The question paper carries Sections A and B.*
- (ii) *The marks allotted to each question are mentioned against it.*
- (iii) *Attempt any **four** questions from Section A and any **three** questions from Section B.*

**SECTION A**

*Answer any **four** questions.*

1. (a) What is price elasticity of demand ?
- (b) The price elasticity of demand of product X is '- 2' and that of product Z is '- 0.02'. What does it signify ?
- (c) What is cross elasticity of demand ?  $3+4+3=10$

2. Define demand. What is demand function ? Describe the law of demand and its exceptions, with relevant examples. 2+3+5=10
3. Explain the concepts of fixed cost and variable cost. "In the long run, all costs are variable." Discuss. 4+6=10
4. Explain the concept of production function. State and explain the "law of variable proportion" (with the help of a diagram). 4+6=10
5. Answer the following questions : 5+5=10
- (a) What is profit maximisation under a perfectly competitive market ?
- (b) Under a perfectly competitive market, the demand curve faced by a single firm is infinitely elastic. Why ?
6. Distinguish between perfect competition, monopoly and monopolistic competition ? 10
7. Explain the following with examples : 5+5=10
- (a) Explicit Cost and Implicit Cost
- (b) Private Cost and Social Cost
8. What is inflation ? What are the causes of inflation ? What are the measures to control inflation in an economy ? 10

## SECTION B

Answer any **three** questions.

9. What are the different types of accounts ?  
Explain the golden rules of accountancy. 10
10. From the following information, write up a Simple Petty Cash Book for the first week of Jan 2014 : 10

Date	Particulars	₹
2014		
Jan 1	Received from chief cashier for petty cash	8,000
Jan 2	Bought postage stamps	2,000
Jan 4	Paid bus fare	1,200
Jan 5	Purchased stationery for office use	1,000
Jan 6	Paid for milk and sugar for office tea	600
Jan 7	Paid to window cleaner	800

11. Rohan Ltd. purchased a machinery on 1<sup>st</sup> May, 2009 for ₹ 60,000. On 1<sup>st</sup> July, 2010 it purchased another machinery for ₹ 20,000. On 31<sup>st</sup> March, 2011 it sold off the 1<sup>st</sup> machine purchased in 2009 for ₹ 39,000. Depreciation is provided at 20% on the original cost each year. Accounts are closed each year on 31<sup>st</sup> December. Show the Machinery Account from 2009 to 2011. 10

12. Following are the extracts from Trial Balance of a business :

**Trial Balance as on 31<sup>st</sup> December, 2006**

Particulars	Dr. (Amount) (₹)	Cr. (Amount) (₹)
Sundry Debtors	50,000	
Bad Debt	3,000	
Discount	1,000	
Provision for Bad Debt		5,000
Provision for Discount		2,000

Additional Information :

1. Additional Bad Debt ₹ 1,000
2. Additional Discount ₹ 500
3. Create provision for Bad Debt @ 10% on Debtors
4. Create provision for Discount @ 5% on Debtors

You are required to show how these items will show in the final accounts of the business. 10

13. Explain the different types of Ratios with examples. 10
14. Write short notes on any *two* of the following : 5+5=10
- (a) Fund Flow Statement
  - (b) Trading and Profit & Loss Account
  - (c) Going Concern Concept