

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

Term-End Examination

00104

June, 2014

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

Time : 3 hours

Maximum Marks : 70

Note : Answer any **three** from the four questions in Part A and answer any **four** from the five questions in Part B.

PART A

(Answer any three)

1. Define the concept of opportunity cost. What are its implications in business decisions ? 10
2. Explain why market equilibrium is determined at the intersection of the demand and supply curves. How is market equilibrium affected when consumer's income changes, all other factors remaining the same ? 10
3. Why does a demand curve slope downward to the right ? Can a demand curve slope upward to the right under any condition ? 10
4. State and illustrate the Cobb-Douglas production function. What are the properties of this function ? 10

PART B
(Answer any four questions)

5. Define : 5×2=10
- (a) Matching concept
 - (b) Going concern concept
 - (c) Cost concept
 - (d) Accrual basis of Accounting
 - (e) Nominal Account
6. The following are the extracts from the financial statements of M/S Efficient and Exports Ltd. as on 1.4.2012 to 31.3.2013 respectively :

Particulars	1.4.2012	31.3.2013
Stock	10,000	25,000
Debtors	20,000	20,000
Bills Receivable	10,000	5,000
Advance (Recoverable in cash or kind)	2,000	–
Cash on hand	18,000	15,000
Creditors	25,000	30,000
Bills Payable	15,000	20,000
Bank Overdraft	–	2,000
9% Debentures 2015	2,00,000	2,00,000
Sales for the year	3,50,000	3,00,000
Gross Profit	70,000	50,000

You are required to compute for both these years : 10

- (i) Current Ratio
- (ii) Liquid Ratio
- (iii) Stock Turnover Ratio
- (iv) Number of days outstanding of debtors
- (v) Stock – Working Capital Ratio

7. From the following Balance Sheets of Mr. M, prepare the Statement of Changes in Working Capital.

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Balance Sheet as on 31st March

Liabilities	Amount of 2012 (₹)	Amount of 2013 (₹)	Assets	Amount of 2012 (₹)	Amount of 2013 (₹)
Equity capital	5,00,000	5,00,000	Fixed Asset	6,00,000	7,00,000
Debentures	3,70,000	4,50,000	Long Term Investment	2,00,000	1,00,000
Tax Payable	77,000	43,000	WIP	80,000	90,000
Accounts Payable	96,000	1,92,000	Stock	1,50,000	2,25,000
Interest Payable	37,000	45,000	Accounts Receivable	70,000	1,40,000
Dividend Payable	50,000	35,000	Cash	30,000	10,000
Total	11,30,000	12,65,000		11,30,000	12,65,000

8. Define Goodwill, Patent, Copyright, Trademarks. 10

9. What is Cash Flow Statement ? What are the steps required for preparation of Cash Flow Statement ? 10