

Subject: Economics and Accounts, HU 5601

Full Marks: 35

Time: 2 hrs

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Please answer each half in separate answer sheets.

First Half (Economics) (17.5 marks)

Please do not write more than is necessary.

1. Answer any two: (6)
  - a. How does one compare the GNPs of different countries without the bias created by the fact that prices of the same product (like, for example, a taxi ride) is different?
  - b. What are the two methods (of obtaining information) used by GNP evaluators to calculate GNP? How can these methods fail?
  - c. Why don't countries include housework in their GNP?
  
2. What is the difference between (answer any 5) (5)
  - a. monopoly and monopsony
  - b. short and long run in the context of profit maximization under perfect competition
  - c. GNP and GDP
  - d. demand curves faced by a perfectly competitive firm and a monopoly
  - e. normal and inferior goods
  - f. illegal and black market products
  - g. land and capital as inputs in production
  
3. Answer any one: (2 ½ )
  - a. Why is it important for producers to have an idea of the price elasticity of demand?
  - b. Discuss an example of production organization that has resulted in increasing returns to scale in the twentieth century.
  
4. What happens to GNP if (4)
  - a. the people tend to consume more of their income and save less (that is, mpc goes up)
  - b. the government raises expenditure
  - c. firms reduce purchases for the purpose of production
  - d. the government decides to reduce its budget deficit

5<sup>TH</sup> Semester Final Examination, 2011

Economics & Accounts

(Hu-5601 2<sup>nd</sup> Half)

Branch: CE/ME/MIN/MET

Time : ....Answer any one. 2.5 marks for neatness Full Marks : 17.5

**Use separate scripts for each half**

1. The following is the Trial Balance of Shri Paras, as on 31<sup>st</sup> March, 2011. You are requested to prepare the final accounts, after giving effect to the adjustments:

Particulars	(Dr.) Rs.	(Cr.) Rs.	Particulars	(Dr.) Rs.	(Cr.) Rs.
Sundry creditors	--	63,000	Carriage on Purchases	20,400	--
Sundry debtors	1,45,000	--	Carriage on Sales	32,000	--
Capital Account	--	7,10,000	Fuel and Power	47,300	--
Drawings	52,450	--	Wages	1,04,800	--
Insurance	6,000	--	Returns Outwards	--	5,000
General expenses	30,000	--	Returns Inwards	6,800	--
Salaries	1,50,000	--	Sales	--	9,87,800
Patents	75,000	--	Purchases	4,06,750	--
Machinery	2,00,000	--	Cash at Bank	26,300	--
Freehold Land	1,00,000	--	Cash in Hand	5,400	--
Building	3,00,000	--			
Stock on 1.4.10	57,600	--	<b>Total</b>	17,65,800	17,65,800

The following adjustment are to be made :

- (1) Stock on 31<sup>st</sup> March, 2011 was valued at Rs. 68,000.
- (2) Depreciate Machinery by 10% and Patents by 20% ;
- (3) Wages include a sum of Rs. 20,000 spent on the erection of a cycle shed for employees and customers.
- (4) Salaries for the month of March, 2011 amounting to Rs. 15,000 were unpaid.

OR

Write a note on Double Entry System of Accounting.