R18

Time: 3 Hours   Max. Marks: 75

Answer any five questions
All questions carry equal marks
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1.a) Which are the non-conventional sources of money? Briefly explain.
 b) What is inflation? What are the various types of inflation?   [9+6]

2.a) What are the advantages of joint stock companies?
 b) What are the determinants of supply?   [7+8]

3.a) Assume that the average price of one of the models of car in a particular city is Rs. 4,50,000 and 80,000 cars are sold at this price in a year. If the price elasticity of demand for this model of car is 1.7, what will be the effect on sales when the average price of this model declines to Rs. 4,05,000?
 b) Bring out the essential characteristics of good demand forecast.   [9+6]

4.a) Explain why a firm cannot have isoquants intersecting each other.
 b) A firm sells each unit of its output for Rs.20. Its variable cost per unit is Rs.15 and fixed cost is Rs.2,40,000. It wishes to earn a profit of 30,000. How much should it produce? What will be the profit or loss when the company produces and sells 80,000 units?   [7+8]

5.a) Explain the following two pricing methods.
    i) Sealed bid pricing
    ii) Market skimming.
 b) What are the essential differences between monopolist and oligopoly markets?   [8+7]

6.a) State the nature of the a/c as to which of the following is nominal, real and personal and show which account will be debited and which account will be credited.
    i) Rent received
    ii) Machinery purchased
    iii) Interest paid
    iv) Commission paid
    v) Discount received
    vi) Building sold
    vii) Capital introduced
    viii) Rent paid
    xi) Interest received in advance
    x) Goods sold
 b) Explain the following accounting concepts.
    i) Cost concept.   ii) Money measurement concept.   [10+5]

7.a) How does ratio analysis help in interpreting financial statements?

b) Distinguish between Accrual basis of accounting and Cash basis of accounting. [7+8]

8. From the following data, calculate:
a) Net worth to debt.
b) Inventory turn over
c) Net profit ratio and
d) Return on total assets. [15]

Particulars	Rs.
Sales	25,20,000
Cost of sales	19,20,000
Net profit	3,60,000
Inventory	8,00,000
Other current assets	7,60,000
Fixed assets	14,40,000
Net worth	15,00,000
Debt	9,00,000
Current liabilities	6,00,000

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