PART A

Q1. Select the most appropriate answer from the options given below: 8 marks

1. One of the following is not included in the primary sector of the economy -
   a. Banking
   b. Animal Husbandry
   c. Farming
   d. Fishing

2. Which of the following is not a use of funds?
   a. Increase in fixed assets
   b. Increase in accrued expenses
   c. Payment of taxes
   d. Decrease in provisions

3. The situation when there is only one buyer in the market is called
   a. Oligopoly
   b. Oligosony
   c. Monopsony
   d. Monopoly

4. Which among the following is not a regulatory body?
   a. RBI
   b. SEBI
   c. CBDT
   d. IDBI
5. One of the following is disclosed by the trial balance
   a. Error of omission
   b. Error of commission
   c. Compensatory Error
   d. Error of amount which has been wrongly posted

6. One of the following will appear in the credit side of the trading account
   a. Wages
   b. Direct Expenses
   c. Closing Stock
   d. Carriage Inwards

7. Which one of the following countries is not included in the term 'Asian Tigers'?
   a. Hong Kong
   b. India
   c. Singapore
   d. South Korea

8. Niche brand is a brand with
   a. Low volume share and low price sensitivity
   b. High volume share and high price sensitivity
   c. Low volume share and high price sensitivity
   d. High volume share and low price sensitivity

Q2. State whether the following are true or false: 8 marks
1. Insurance services is an example of secondary economic activities.
2. Loss on sale of fixed assets is not an example of capital loss.
3. Fictitious assets and intangible assets are the same.
4. Depreciation is a source of funds
5. Disposable income is equal to personal income minus personal taxes.
6. Both P&L A/C and Balance Sheet are prepared for the accounting period.
7. Longer decision making process is not one of the disadvantages of a co-operative form of organization.
8. Economic indicators fall into three categories, leading, lagging and coincident.

Q3. Fill in the blanks with appropriate words: 8 marks
1. The objective of a firm is to maximize its value to its ________
2. ________ is the equation of personal happiness with consumption and the purchase of martial possessions.
3. Journal is the book of ________ entry
4. GDP = ________ - net factor income from abroad
5. The ratio of net profit before interest and tax to interest charges is called ________ ratio
6. Aggregate supply is the total of goods and ________ by a national economy during a specific time period.
7. For an enterprise, cash comprises cash in hand and demand deposits with ___________.
8. Life insurance corporation is an example of specialised ____________ institution.

Q4. Expand the abbreviations- 8 marks
1. MES
2. GDP
3. SIDBI
4. NNP
5. CPI
6. SEZ
7. IRR
8. GAAP

PART B

Q5. Write short notes on any four - 16 marks
a. Double Entry Book-keeping
b. Factors of Production
c. Ratio Analysis
d. Infrastructure
e. Elements of cost
f. International Monetary Fund

Q6. Explain 'trading blocs'. What are the types of the trading blocks? Give a SWOT analysis of a trading bloc. 16 marks

Q7. 16Marks
a] Discuss the Indian Foreign Trade Policy of Liberalisation.
b] Discuss the role of public sector and private sectors.

Q8. 16 marks
a] Why is cashflow statement prepared? Distinguish between Fundflow and Cashflow analysis.
b] Explain the objectives and scope of Management Accounting.

Q9. 16 marks
a] Explain the meaning, causes and need of Depreciation.
b] Patel & co. has incurred the following expenditure-
1. Rs. 90,000/- travelling expenses of their sales manager, who travelled to London to attend a meeting in order to increase sales- the visit was quite successful.
2. Rs. 1000/- spent for installing machinery.
3. Rs. 500000 spent on research and development.
4. Rs. 700/- paid for fuel.
Classify the above expenditures as capital, revenue and deferred revenue expenditure giving you one sentence reason.

PART C

Q10. 20 marks

A] Pass journal entries to rectify the following errors

1. A sale of goods to Bharat Patel for Rs.2000 was passed through the Purchases book.
2. Salary Rs.1000 paid to Ramesh Reddy was wrongly debited to his personal account.
3. Furniture purchased on credit from Suresh Shah for Rs.1250 was entered in the Purchases book.
4. Rs.7500 spent on extension of building was debited to buildings repairs account.
5. Goods returned by Krishna Kamath Rs. 1400 were entered in Returns outward book.

B] Prepare the P/L A/c of M/S Bhagwandas & Co. for the year ended 31/3/2011 on the basis of following figures-

\[
\begin{align*}
\text{Rs.} & \\
\text{Gross profit for the year} & 11970 \\
\text{Salaries} & 4825 \\
\text{Rent and Taxes} & 900 \\
\text{General Expenses} & 2350 \\
\text{Brokerage expenses} & 150 \\
\text{Bad debts} & 190 \\
\text{Discount allowed} & 340 \\
\text{Commission received} & 60 \\
\text{Interest receivable} & 340 \\
\text{Depreciation} & 590 \\
\text{Bank Charges} & 15
\end{align*}
\]