PAPER No. 3
BUSINESS ECONOMICS & FINANCIAL ACCOUNTING.

Date : 24.12.2018             Max. Marks :100
Time :  2.00 p.m to 5.00 pm              Duration : 3 Hrs.

Instructions :
1. From Part A – answer all questions (compulsory). Total: 32 Marks
2. From Part B – Answer any 3 questions out of 5 questions. Each question carries 16 marks Total: 48 Marks
3. Part C is a case study (compulsory). Read the case study carefully and answer the questions Total: 20 Marks

PART A (compulsory) ( 32 x1= 32 marks)

Q 1. Expand the following abbreviations; 8 marks
   a. PQLI
   b. IAS
   c. HUDCO
   d. CBD
   e. NPA
   f. HDI
   g. NHB
   h. GNP

Q2. State whether the following are true or false: 8 marks
   a. Every firm utilizes combination of all factors of production.
   b. Debenture is a short-term promissory note
   c. Currency risk is fluctuation in foreign exchange trade
   d. RBI has no role in managing foreign exchange trade
   e. Computer software is an intangible asset.
   f. SBI issues treasury bills
   g. Retail is included in the tertiary sector of the economy
   h. The education system in India consists of primarily four levels.

Q3. Fill in the blanks: 8 marks
   a. GDP per capita is often used as an indicator of a country’s standard of -----------
   b. The number of basic factors of production is -----------
   c. Dividend payable is a current-----------
   d. Trademark is an ----------- asset
   e. Land is a ----------- asset
   f. Financial leverage ratio is called ----------- ratio.
   g. Oligopsony is a market dominated by many sellers and a few -----------
   h. The primary sector of an economy is the sector directly making use of ----------- resources
Q4. Match the following (A with B):

<table>
<thead>
<tr>
<th>column A</th>
<th>column B</th>
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<tbody>
<tr>
<td>1. Currency Risk</td>
<td>a. HDI</td>
</tr>
<tr>
<td>2. GAIL</td>
<td>b. Inventories</td>
</tr>
<tr>
<td>3. Primary sector</td>
<td>c. Current liabilities</td>
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<tr>
<td>4. Secondary sector</td>
<td>d. Guarantees</td>
</tr>
<tr>
<td>5. Literacy</td>
<td>e. Electricity</td>
</tr>
<tr>
<td>6. Finished goods</td>
<td>f. Fishing</td>
</tr>
<tr>
<td>7. Unpaid dividends</td>
<td>g. CPSU</td>
</tr>
<tr>
<td>8. Contingent liabilities</td>
<td>h. Foreign exchange rate</td>
</tr>
</tbody>
</table>

PART B
(Answer any three) (3 x 16 = 48 Marks)

Q5. Write short notes on any four - 16 marks
   a. Monetary policy
   b. Perishable goods
   c. Infrastructure
   d. Trend analysis
   e. Book keeping
   f. Financial market

Q 6. 16 Marks
   a. Discuss social responsibility and ethics
   b. Explain the different forms of business organizations

Q 7. 16 marks
   Explain the limitations of financial statements

Q 8. 16 marks
   a. Explain the role of Government in an economy.
   b. Discuss the challenges before Indian economy

Q 9. 16 Marks
   Discuss any four accounting concepts and any four accounting conventions.
PART C

Q.10: CASE STUDY (compulsory) (20 Marks)

Following are ratios and other information extracted from the Balance Sheet of a company as at 31-3-2015:

Current Liabilities 1.0 times working capital
Current asset 2.5 times working capital
Working Capital Rs.3,00,000
Liquidity Ratio 1.5
Stock Turnover Ratio 6
Gross profit as percentage of sales 20%
Debt collection period 2 months
Shareholders Capital Rs. 5,00,000
Reserves and Surplus Rs. 2,50,000
Fixed assets turnover 2

You are required to draw up a Balance Sheet of the company as at 31-03-2015 from the above information and show the details of the working of various items of the Balance Sheet.