BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI

(MID SEMESTER EXAMINATION)

CLASS: BE/BARCH **SEMESTER : VI**
BRANCH: ALL **SESSION : SP/17**

SUBJECT: PE6009 ENGINEERING ECONOMY

TIME: 1.5 HOURS **FULL MARKS: 25**

INSTRUCTIONS:

1. The total value of the questions are 30 marks.
2. Candidates may attempt for all 30 marks.
3. In those cases where the marks obtain exceed 25 marks. The excess will be ignored.
***4*. Before attempting the question paper, be sure that you have got the correct question paper.**
5. The missing data, If any, may be assumed suitably.
6. Nothing should be written on front or back of the question paper except tick marking.

Q1. (a) Distinguish between fixed and variable costs with the help of a suitable example. [2]
(b) Define Accounting. Discuss the different functions of accounting. [3]

Q2. Explain the meaning of Accounting Principles. What are the important accounting concepts? Explain any two with the help of suitable examples. [5]

Q3. Explain the meaning of the term "Journal" and state its significance. [5]

Journalise the following transactions for the month of December 2016. Also state the nature of each account involved in the journal entry.

1. Dec.1: Sanjay started business with cash Rs. 40,000.
2. Dec.3: He paid into bank Rs. 20,000.
3. Dec.5: He purchased goods for cash Rs. 15,000.
4. Dec.8: He sold goods for cash Rs. 6,000.
5. Dec.10: He purchased furniture and paid by cheque Rs. 5,000.
6. Dec.24: He paid telephone charges Rs. 1000.
7. Dec.31: Paid for stationary Rs. 200, rent Rs. 500 and Salaries to staff Rs. 2000.

Q4. Explain the rules regarding posting of transactions into the ledger. Journalise the following transactions and post them into the Ledger. [5]

1. Ram started business with a capital of Rs. 10,000.
2. He purchased furniture for cash Rs. 4000.
3. He purchased goods from Mohan on credit Rs. 2000.
4. He paid cash to Mohan Rs. 1000.

Q5. Explain in brief the various elements which go to make up the total cost of any product. [5]
A certain product is manufactured in batches of 100. The direct material cost is Rs 500, direct labour cost is Rs. 750 and the factory overhead are 50% of prime cost. If the selling expenses are 30% of the factory cost, what would be the selling price of each product so that the profit is 10% of the total cost.

Q6. What is break- even analysis? Discuss the different assumptions that should be made while plotting a break-even chart. Also discuss the process for plotting the break-even chart. [5]

*******03.03.17*****M**