Code No. 6085 / S

FACULTY OF ENGINEERING

B.E. 3/4 (Civil/CSE/IT) I - Semester (Suppl.) Examination, July 2014

Subject : Managerial Economics and Accountancy

Time : 3 Hours **Max. Marks: 75**

Note: Answer all questions of Part - A and answer any five questions from Part - B.

PART – A (25 Marks)

1 Managerial Economics is a field of study concerned with the application of economic principles to the __________ (2)

2 Relationship between quantity demand and factors affecting is known as (2)

(a) Demand function (b) Supply function
(c) Production function (d) None of the above

3 Define Firm and Industry. (3)

4 Match the following: (4)

(a)	Characteristics of perfect competition	(i)	Sales minus variable cost
(b)	Price Elasticity of demand	(ii)	Constant
(c)	Contribution	(iii)	Single seller and single buyer
(d)	Total Fixed Cost	(iv)	Measures the responsiveness of demand for a product for a change in its price
		(v)	Free mobility of factors of production

5 Define Margin of safety (2)

6 Explain briefly about Discounting principles. (2)

7 While evaluating capital investment proposal the time value of money is considered as in case of ____________. (2)

8 Calculate pay back period which a project requires an outlay of Rs.60,000 and yields on outlay of an annual cash inflow of Rs.15,000 for 7 years. (3)

9 Cash or goods withdrawn from the business by the owner for his personal use is known as _____ (3)

10 The system of recording transactions based on dual aspect concept is called. (2)

(a) Double Accounting System (b) Double Entry System
(c) Single Entry System (d) None of the above

PART – B (50 Marks)

11 Discuss the scope and significance of managerial economics in decision making.

12 How is price determined in Perfect Competition?

13 (a) Explain the various Accounting conventions.

(b) The sales and profit of a company during the two years was as follows:

Year	Sales	Profit
2003	1,50,000	20,000
2004	1,70,000	25,000

Calculate :

(A) P/V Ratio (B) B.E.P. (C) Sales required to earn a profit of Rs.40,000

14 What do you understand by economics of scale? Explain.

15 (a) Distinguish between Explicit cost and Implicit cost.

(b) A project cost Rs.25,000 and has a scrap value of Rs.5,000 after 5 years. The net profit before depreciation of taxes for the five years period are expected to be Rs.5,000, Rs.6,000, Rs.7,000, Rs.8,000 and Rs.10,000.

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You are required to calculate ARR assuming 5% rate of tax and depreciation on straight line method.

16 Enter the following transactions in an analytical Petty Cash book.

2010		Rs.
Jan 1	Received from head Cashier	200.00
Jan 5	Bought Postage stamps	10.00
Jan 7	Paid Stationary	26.00
Jan 8	Paid to Cartage	8.00
Jan 15	Paid office expenses	22.00
Jan 20	Paid for taxi hire	15.00
Jan 25	Paid Kamal against his account	18.00
Jan 30	Sent Telegram to Bombay	16.00

17 Prepare Trading and Profit & Loss Account and Balance Sheet from the following particulars

Trial Balance as on 31.12.2002

Particulars	Dr. (Rs.)	Cr. (Rs.)
Purchases	16,000	
Discount	1,300	
Wages	6,500	
Travelling Expenses	500	
Salaries	2,000	
Carriage Inwards	275	
Insurance	150	
Commission	325	
Rent	500	
Cash in hand	25	
Cash at bank	2,725	
Sundry Expenses	195	
Repairs	160	
Interest on mortgage	100	
Buildings	4,000	
Machinery	1,500	
Horses and Carts	500	
Opening stock	5,750	
Sundry Debtors	3,250	
Capital		10,655
Sales		30,000
Mortgage loan		3,000
Sundry Creditors		2,100
	45,755	45,755

Adjustments:

(a) Closing stock Rs.6,000
(b) Rent due Rs.30
(c) Insurance unexpired Rs.20
(d) Depreciation on Building Rs. 500 and Machinery Rs.500

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