

FACULTY OF ENGINEERING**B.E. 3/4 (EE/Inst./ECE) II – Semester (Main) Examination, June 2014****Subject : Managerial Economics and Accountancy****Time : 3 hours****Max. Marks : 75****Note: Answer all questions from Part-A. Answer any FIVE questions from Part-B.****PART – A (25 Marks)**

- 1 Define scarcity and Marginalism. 3
- 2 What is meant by demand forecasting? 3
- 3 In case of luxury goods the income elasticity of demand is 2
 - a) More elastic
 - b) Less elastic
 - c) Zero
- 4 What is meant by substitute goods and complementary goods? 3
- 5 Define economies of scale. 2
- 6 Define angle of incidence. 3
- 7 What is gross working and net working capital? 3
- 8 Formulae for profitability index method. 2
- 9 The process of entering the transactions in the books of journal is called _____ 2
- 10 Liquidity ratio indicates _____ 2

PART – B (50 Marks)

- 11 Explain the fundamental concept of managerial economics.
- 12 Differentiate between price income and cross elasticity of demand and explain the different degrees of price elasticity of demand.
- 13 Discuss the cost output relationship under short run.
- 14 Prepare trial balance from the following :
 - a) Rehman started business Rs.50,000/-
 - b) Deposited in bank Rs.40,000/-
 - c) Machinery purchased Rs.20,000/-

- 15 The following information is given

Year	Sales	Profit
2011	10,00,000	2,00,000
2012	15,00,000	4,00,000

Calculate

- i) P/V ratio
- ii) BEP
- iii) Fixed cost
- iv) Margin of Safety

- 2 -

16 The following information is given

<u>Year</u>	<u>Cash flow before Tax</u>
1	50,000
2	60,000
3	40,000
4	30,000
5	20,000

Investment : Rs.2,00,000, Depreciation = 10%, Tax rate = 20% Compute NPV assuming discount rate as 12% P.A.

17 From the following balance sheet calculate liquidity ratio.

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
Capital	6,00,000	Fixed Assets	5,00,000
Creditor	1,00,000	Cash	1,00,000
Bank loan	50,000	Debtor	2,00,000
Bills payable	50,000	Stock	50,000
Tax payable	50,000	Prepaid Exp.	50,000
Divided payable	<u>50,000</u>		
	<u>9,00,000</u>		<u>9,00,000</u>
