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)

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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 (a) Demand function (b) Supply function	(2)
3	(c) Production function (d) None of the above 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 	
	(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	(0)
5 6	Define Margin of safety Explain briefly about Discounting principles.	(2) (2)
7	While evaluating capital investment proposal the time value of money is considered as in case	(2)
	of	(2)
8	Calculate pay back period which a project requires an outlay of Rs.60,000 and yields on outlay	(2)
9	of an annual cash inflow of Rs.15,000 for 7 years. Cash or goods withdrawn from the business by the owner for his personal use is known as	(3) (3)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)	
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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:	
1 1	(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.

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

		Dr.	Cr. (Rs.)
	Particulars	(Rs.)	
	Purchases	16,000	
	Discount	1,300	
	Wages	6,500	
	Travelling Expenses	500	
	Salaries	2,000	
	Carriage Inwards	275	
1	Insurance	150	
	Commission	325	
	Rent	500	
	Cash in hand	25	
	Cash at bank	2,725	
	Sundry Expenses	195	
	Repairs	160	
4	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
