

**FACULTY OF ENGINEERING & INFORMATICS****B.E. 3/4 (Civil/CSE/IT) I-Semester (Main) Examination, November 2013****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 can be studied under \_\_\_\_\_ and \_\_\_\_\_. (2)
2. Income demand means relationship between \_\_\_\_\_. (2)
  - (a) Price and demand
  - (b) Levels of Income and their requirements
  - (c) Price of substitutes and demand
  - (d) None of the above
3. Income Elasticity of demand. Explain. (3)
4. Match the following: (4)
 

(a) Monopoly	(i) Is a person who owes money to the business
(b) Production function	(ii) Imperfect competition
(c) Personal account	(iii) Input output relationship
(d) Debtor	(iv) Debit the Receiver Credit the Giver
	(v) Debit what comes in Credit what goes out
5. Explain Petty cash book (2)
6. Explain Law of diminishing marginal utility. (2)
- 7.(a) Debit all expenses and losses credit all incomes and gains is a \_\_\_\_\_ account. (1)
  - (b) Cash or goods withdrawn by the proprietor from business account for personal use is called \_\_\_\_\_ (1)
8. Journalise the following transaction : (3)
  - (a) Deposited in Andhra Bank Rs.8,000
  - (b) Goods purchased from Hari Rs. 7,000
  - (c) Commission Received Rs. 800
9. What is Trial Balance? Explain. (3)
10. Explain the margin of safety. (2)

**PART – B (50 Marks)**

11. Define managerial economics. How it is useful to Engineers in decision making process.
12. How is price determined under Perfect Competition?
13. What do you mean by economics of scale? Explain about internal and external economics of scale.
14. A limited company total fixed cost is Rs.1,05,000 for a year variable cost per unit Rs.3.50 selling price per unit Rs.5.00 from the above information determine:
  - (a) Breakeven point (in units)
  - (b) Breakeven point (in Rs)
  - (c) P/V Ratio

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15. A project requires an investment of Rs.10,00,000. The plant and machinery required under the project will have a scrap value of Rs.80,000 at the end of its useful life of 5 years. The profit after Tax and depreciation are estimated to be as follows:

Year	Rs.
1	50,000
2	75,000
3	1,25,000
4	1,30,000
5	80,000

Calculate Accounting Rate of Return

16. Prepare a three column Cash book with cash, bank and discount columns of Mr. Govind as at May 31, 1996

May 1 Balance in Cash Rs.2,000 and at bank Rs.1,450

2 Cash Sales of Rs.8,000

3 Issued cheque of Rs.2,500 to Balkrishan and received discount Rs.30

4 Paid as wages Rs.400

8 Received Cash Rs.300 and a cheque of Rs.850 from Gopinath and allowed him discount Rs.50.

9 Deposited in bank Rs.1,000

21 Drawn from bank for office use Rs.150

24 Cash Sales Rs.750

31 Issued cheque for salary Rs.200

17. From the following Trial balance you are required to prepare Trading and Profit and Loss Account, Balance Sheet as on 31-12-2009.

Particulars	Amount (Rs.)	Amount (Rs.)
Capital	-	10,000
Machinery	3,500	
Debtors	2,700	
Drawings	900	
Purchases	9,500	
Creditors	-	1,400
Wages	5,000	
Bank	1,500	
Stock in trade	2,000	
Rent	450	
Sales	-	14,500
Sundry Expenses	200	
Carriage	150	
	<u>25,900</u>	<u>25,900</u>

**Adjustments:**

- (a) Stock at the end Rs.600  
 (b) Rent outstanding Rs.50  
 (c) Wages prepaid Rs.200  
 (d) Machinery to be depreciated by 10%

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