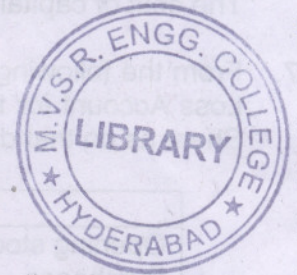


FACULTY OF ENGINEERING**B.E. 3/4 (E & EE/Inst./ECE) II Semester (Main) Examination, May/June 2011
MANAGERIAL ECONOMICS & ACCOUNTANCY****Time : 3 Hours]****[Max. Marks : 75****Note :** Answer **all** questions from Part – A. Answer any **five** questions from Part – B.**PART – A****(Marks : 25)**

1. Difference between Economic Theory and Managerial Economics. 3
2. Veblen goods and Giffen paradox. 3
3. Features of Oligopoly Market. 3
4. Explicit Cost and Implicit Costs. 3
5. What do you mean by Capital Budgeting ? 3
6. Principles of Double Entry System. 2
7. Business entity concept. 2
8. Difference between Trial Balance and Balance Sheet. 2
9. Concept of Working Capital. 2
10. Firm and Industry. 2

**PART – B****(Marks : 50)**Answer any **five** questions.

11. Explain the nature and significance of Managerial Economics. How is it relevance to an Engineer in his decision making process ?
12. What do you mean by Elasticity of Demand and how do you measure the Elasticity of Demand ?
13. Explain the features and causes for monopoly. How the monopolist decides the price for his product ?
14. Explain the concept of production function. How the firm decides its optimum input output combination ?
15. (a) What do you mean by Break-even Analysis ?
(b) Calculate (i) P/V Ratio (ii) Sales required to earn a profit of ₹ 25,000 and (iii) Profit when sales are ₹ 1,40,000 from the following information.

The sales and profit during two years were as follows :

In the year 2008 sales are ₹ 1,50,000 and profit ₹ 20,000, and in 2009 sales are ₹ 1,75,000 and profit ₹ 30,000.

16. From the following information, you are required to calculate and advise which project proposal should be chosen under (i) Pay-back period and (ii) Net present value method.

The initial investment of both the products are ₹ 50,000.

Expected net cash inflows of both projects are as follows :

Year	Project – I (₹)	Project – II (₹)
End of 1 st year	15,000	10,000
End of 2 nd year	10,000	12,000
End of 3 rd year	12,000	18,000
End of 4 th year	Nil	22,000
End of 5 th year	16,000	10,000

The cost of capital of the company is 10 percent.

17. From the following Trial Balance of a Trader, prepare Trading and Profit & Loss Account for the year ended 31st December, 2009 and also a Balance Sheet as on that date :

Trial Balance		
	Dr. (₹)	Cr. (₹)
Opening stock	50,000	
Purchases	95,000	
Sales	—	1,55,000
Returns	5,500	1,000
Drawings	10,000	
Machinery	1,05,000	
Furniture	25,000	
Wages	5,600	
Carriage	6,500	
Rent & Rates	2,500	
Bad Debts	2,300	
Debtors and Creditors	22,000	25,000
Cash in hand	20,100	
Insurance	4,500	
Salaries	18,000	
Capital	—	1,65,000
Bank overdraft	—	9,500
Discounts	500	1,500
Bills payable	—	16,500
General expenses	1,000	
Total	3,73,500	3,73,500

Adjustments :

- (1) Value of closing stock – ₹ 50,000
- (2) Outstanding salaries – ₹ 1,500
- (3) Prepaid insurance – ₹ 500
- (4) Depreciation on machinery at 10%.