

FACULTY OF ENGINEERING

B.E. 3/4 (Civil/CSE/IT) I-Semester (Main) Examination, December 2010

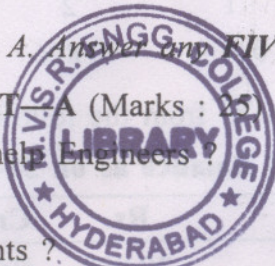
MANAGERIAL ECONOMICS AND ACCOUNTANCY

Time : Three Hours]

[Maximum Marks : 75

Answer ALL questions of Part A. Answer any FIVE questions from Part B.

PART—A (Marks : 25)

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1. How does Managerial Economics help Engineers? 2
 2. State the Law of Demand. 2
 3. What are the properties of Iso-quant? 2
 4. What is Break-even point? 2
 5. Distinguish between fixed and working capital. 2
 6. Distinguish between explicit and implicit costs. 3
 7. Explain the importance of Trial Balance. 3
 8. What are the features of Perfect Competitive Market? 3
 9. What is Price discrimination, and how it is followed by the Monopolist? 3
 10. Differences between Journal and Ledger. 3

PART—B (Marks : 50)

11. Define Managerial Economics and discuss its nature and scope. 10
12. Explain the methods of Demand Forecasting. 10
13. What is Production function and explain the economies of large scale production. 10
14. Discuss various sources of Working Capital. 10
15. (a) What are the uses of Break-even point analysis? 5
(b) Compute Break-even point from the data given below :
Variable cost per unit is Rs. 8, Annual fixed expenses are Rs. 24,000, Selling price per unit is Rs. 10. 5
16. Calculate the Net Present Value of Project 'A' from the following data : 10
Estimated cost of the project : Rs. 4,00,000
Estimated life of the project : 5 years
Estimated scrap value : 50,000

Annual cash flows after tax and depreciation are as follows :

Year	1	2	3	4	5
Cash flows (Rs.)	1,50,000	2,00,000	1,00,000	80,000	60,000

Charge depreciation as per straightline method. The company expects a rate of return of 10%.

Years	1	2	3	4	5
10% discount factors	0.909	0.826	0.751	0.683	0.621

17. Prepare Final Accounts of 'Mr. X' from the following Trial Balance as on 31-12-2008 :

Trial Balance as on 31-12-2008

Debit	Rs.	Credit	Rs.
Stock	20,000	Bank Overdraft	50,000
Fixed Assets	1,00,000	Sales	2,60,000
Rent	16,000	Creditors	50,000
Carriage inwards	20,000	Capital	40,000
Purchases	1,80,000		
Salaries	40,000		
Debtors	24,000		
	<u>4,00,000</u>		<u>4,00,000</u>

Adjustments :—

- (1) Closing stock Rs. 25,000.
- (2) Provide 10% depreciation on fixed assets.