

FACULTY OF ENGINEERING AND INFORMATICS
B.E. 3/4 (Civil)/(CSE/IT) I Semester (Main) Examination, December 2011
MANAGERIAL ECONOMICS AND ACCOUNTANCY

Time: 3 Hours]

[Max. Marks: 75

Note : Answer all questions of Part A.**Answer five questions from Part B.**

PART – A



(25 Marks)

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|--|---|
| 1. Define Managerial Economics. | 2 |
| 2. State the law of elasticity of demand. | 2 |
| 3. What are the laws of Returns ? | 2 |
| 4. Distinguish between fixed cost and variable cost. | 2 |
| 5. What are the types of profitability ration ? | 2 |
| 6. Explain the features of digopoly market. | 3 |
| 7. Distinguish between average cost and marginal cost. | 3 |
| 8. Explain the uses of subsidiary books. | 3 |
| 9. What are the principles of double entry system ? | 3 |
| 10. Distinguish between firm and industry. | 3 |

PART – B

(50 Marks)

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|--|----|
| 11. Explain the scope of study and structure of managerial economics. | 10 |
| 12. Explain the law of demand and discuss the exceptions to the law of demand. | 10 |
| 13. Explain the economics of large scale production. | 10 |
| 14. Discuss as to how price is determined under perfect competition according to Marshall. | 10 |
| 15. Discuss various methods of evaluation of investment proposals. | 10 |

16. Prepare final accounts of 'Mr. Y' for the year ended 31-12-2008 from the following Trial Balance

10

Trial Balance as on 31-12-2008

Debit Balances	Rs.	Credit Balances	Rs.
Power	10,000	Capital	3,00,000
Buildings	1,50,000	Sales	2,73,000
Commission	8,000	Purchases Returns	10,000
Salaries	90,000	Creditors	60,000
Opening stock	20,000		
Rent	20,000		
Administrative expense	15,000		
Purchases	2,50,000		
Sales Returns	10,000		
Furniture	20,000		
Debtors	50,000		
	6,43,000		6,43,000

Adjustments :

- 1) Closing stock Rs. 15,000.
- 2) Outstanding salaries Rs. 25,000
- 3) Depreciation on buildings @ 10% per annum.

17. There are two mutually exclusive projects x and y each requiring investment of Rs. 1,00,000 and Rs. 1,50,000 respectively. The expected cash in flows after tax are

10

Years	x	y
I	16,000	25,000
II	20,000	20,000
III	25,000	25,000
IV	27,000	25,000
V	22,000	21,000

The minimum expected rate is 12%. Suggest while project should be accepted based on NPV method.