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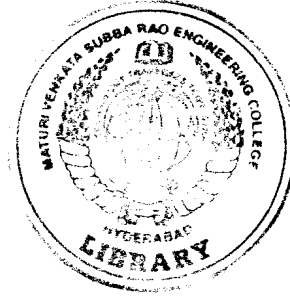
**FACULTY OF ENGINEERING AND INFORMATICS**  
**B.E. 3/4 (Civil)/(CSE/IT) I Semester (Main) Examination, December 2011**  
**MANAGERIAL ECONOMICS AND ACCOUNTANCY**

Time: 3 Hours]

[Max. Marks: 75

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

**PART – A**



**(25 Marks)**

- |  |   |
|--|---|
| 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)**

- |  |    |
|--|----|
| 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**

<b>Debit Balances</b>	<b>Rs.</b>	<b>Credit Balances</b>	<b>Rs.</b>
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		
	<b>6,43,000</b>		<b>6,43,000</b>

**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

<b>Years</b>	<b>x</b>	<b>y</b>
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.

**FACULTY OF ENGINEERING & INFORMATICS****B.E. 3/4 (CE/CSE/IT) I-Semester (New) Examination, November / December 2012****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. Today the Economics Laws, Principle methods and techniques are applied to the management decision making process calling it as subject. (2)
2. Relationship between input and output is known as. (2)
  - (a) Production function      (b) Demand function
  - (c) Supply function          (d) None of the above
3. Risk and uncertainty. Explain. (3)
4. Match the following: (4)
 

(a) Managerial Economics	(i) Non-cash transaction
(b) Income elasticity of demand	(ii) Micro economics
(c) Bad debt	(iii) Measure of responsiveness of demand for a product for a change in its income
(d) Depreciation	(iv) A debt which is irrecoverable
	(v) Cash transaction
5. Explain contribution. (2)
6. Opportunity cost principle. (2)
- 7.(a) Depreciation is included in cost in case of \_\_\_\_\_. (1)
- (b) The process of transferring the transactions from Journal to the ledger is called \_\_\_\_\_. (1)
8. Journalise the following transaction : (3)
  - (a) Ram commenced business with cash Rs.50,000
  - (b) Deposited in bank Rs.40,000
  - (c) Machinery purchased for cash Rs.30,000
9. State the use of subsidiary books. (3)
10. The difference between break-even sales and the actual sales beyond the break even point. (2)
  - (a) Margin of safety      (b) Variable expenses
  - (c) Fixed expenses      (d) None of above

**PART – B (5x10=50 Marks)**

11. What do you mean by demand forecasting? Explain the different techniques of demand forecasting.
12. What is perfect competition ? Explain its features.
- 13.(a) What is Break-even analysis? And how it is useful for managerial decision?  
 (b) Variable cost per unit Rs.10, selling price per unit Rs.15 and Fixed cost Rs.10,00,000  
 Find :  
 (i) BEP in units  
 (ii) indicate the number of units to be sold to earn a profit of Rs. 10,000
14. What is working capital? Explain the factors determining working capital requirement of a firm.

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- 15.(a) Explain the various accounting concepts.  
(b) Calculate the pay back period of the following projects each requiring cash outlay of Rs.1,00,000. Suggest which project are acceptable if the standard payback period is 5 years.

Year	Cash inflow project 'A'	Cash inflow project 'B'
1	30,000	30,000
2	30,000	40,000
3	30,000	20,000
4	30,000	10,000
5	30,000	5,000

16. From the following particulars prepare Bank Reconciliation Statement as on 31-12-2006
- (a) Bank Balance as per Pass Book Rs.12,000
  - (a) Cheques deposited but not collected by the bank Rs.5,000
  - (b) Cheques issued but not presented for payment Rs.8,000
  - (c) Dividends collected by bank and credited in Pass book not entered in Cash book Rs.450
  - (d) Insurance Premium paid by bank and debited in pass book not recorded in cash book Rs.50
17. From the following particulars prepare Trading and Profit and Loss account for the year ended 31st December, 2008 and Balance Sheet as on date.

TRIAL BALANCE

Particulars	Debit (Rs.)	Credit (Rs)
Sales	-	1,28,000
Duty and clearing charges	3,500	-
Purchases	50,000	-
Bank overdraft	-	6,000
Capital	-	30,000
Drawings	6,000	-
Sundry Creditors	-	43,000
Bills Payable	-	4,000
Sundry Debtors	51,000	-
Bills Receivable	8,000	-
Loan advance to Sham & Co	10,000	-
Fixtures and fittings	7,500	-
Stock on 1-1-1996	47,000	-
Cash in hand	900	-
Machinery	12,500	-
Commission Received	-	4,000
Salaries	9,500	-
Sales Returns	1,000	-
Purchase Returns	-	1,100
Commission& Travelling expenses	4,700	-
General expenses	2,500	-
Rent paid	2,000	-
	<u>2,16,100</u>	<u>2,16,100</u>

Adjustments:

- 1. Stock on 31-12-1996 was Rs.60,000
- 2. Outstanding Salaries Rs.300 ; Rent Rs.400
- 3. Depreciate machinery by 10% fixtures fittings by 5%
- 4. Commission received in advance Rs.500
- 5. Allow interest on Capital @ 8% p.a.

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**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	
	25,900	25,900

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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**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)**

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

- 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 :  
 (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

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

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