

FACULTY OF ENGINEERING
B.E. 2/4 (M/P/AE) I-Semester (Supplementary) Examination, June/July 2011
MANAGERIAL ECONOMICS AND ACCOUNTANCY

Time : Three Hours]

[Maximum Marks : 75

Answer **ALL** questions from Part-A.
 Answer any **FIVE** questions from Part-B.

PART—A (Marks : 25)

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|---|---|
| 1. Explain Wealth Definition of Economics. | 2 |
| 2. Explain Cross Elasticity of Demand. | 2 |
| 3. Distinguish between Fixed Cost and Variable Cost. | 2 |
| 4. What is Trial Balance ? | 2 |
| 5. Define Capital Budgeting. | 2 |
| 6. What are the features of Perfect Competition ? | 3 |
| 7. Explain the properties of Iso-quants. | 3 |
| 8. What are the various demand forecasting methods ? | 3 |
| 9. Explain the purpose of Petty Cash Book. | 3 |
| 10. What are the reasons for preparation of Bank Reconciliation Statement ? | 3 |

PART—B (Marks : 50)

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|---|----|
| 11. Define Managerial Economics and discuss as to how Managerial Economics is useful in taking Managerial decisions of the Business. | 10 |
| 12. Explain the features of Monopoly and discuss about price discrimination strategies adopted by the Monopolist. | 10 |
| 13. Discuss the internal and external economies of large scale production. | 10 |
| 14. Define Accountancy and discuss various principles of double entry system. | 10 |
| 15. The following information is obtained from the records of a company :—
Sales → Rs. 3,00,000
Variable Cost → Rs. 1,80,000
Fixed Cost → Rs. 60,000
You are required to calculate P/V ratio, BEP sales and Margin of Safety. | 10 |

16. 'P' Company Ltd. is planning to replace its old machine with a new one. There are two machines before the company for selection. The cost of each machine is of Rs. 2,10,000. The cash inflows which are expected, given below :—

Years	Machine I	Machine II
1	24,000	50,000
2	48,000	60,000
3	56,000	80,000
4	72,000	90,000
5	80,000	1,00,000

The expected rate of return is 10%.

Years	1	2	3	4	5
10% Discount Factors	0.909	0.826	0.751	0.683	0.621

Select the machine based on NPV and PI methods.

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17. Prepare Final Accounts from the following Trial Balance of M/s. Sri Ram & Sons for the year ended 31-3-2010 :—

Trial Balance as on 31-3-2010

Debit Balances	Rs.	Credit Balances	Rs.
Rent	2,000	Capital	1,00,000
Furniture	10,000	Bills Payable	16,000
Cash	8,000	Creditors	40,000
Wages	4,000	Sales	2,00,000
Opening Stock	1,00,000		
Discount	6,000		
Advertising	12,000		
General expenses	14,000		
Debtors	80,000		
Machinery	1,20,000		
	<u>3,56,000</u>		<u>3,56,000</u>

Adjustments :—

- Closing Stock Rs. 28,000.
- Write off Depreciation @ 5% on Machinery.
- Outstanding wages Rs. 2,000.
- Bad Debts Rs. 5,000.

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