



Code No. : 5339/S

**FACULTY OF ENGINEERING**  
**B.E. 2/4 (Mech./Prod./AE) I Sem. (Suppl.) Examination, July 2012**  
**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. Explain Principle of Time Perspective.                   | 2 |
| 2. Derived demand and autonomous demand.                    | 2 |
| 3. What is Cross-Elasticity of Demand ?                     | 2 |
| 4. Differentiate between Explicit costs and Implicit costs. | 2 |
| 5. Distinguish between NPV and IRR.                         | 2 |
| 6. What is capital budgeting ?                              | 3 |
| 7. Define Accounting.                                       | 3 |
| 8. What is the purpose of trial balance ?                   | 3 |
| 9. Distinguish between Gross Profit and Net Profit.         | 3 |
| 10. Differentiate Firm and Industry.                        | 3 |

**PART – B**

**(5×10=50 Marks)**

11. What is Managerial Economics ? Explain the nature and scope of managerial economics.
12. What do you mean by perfect competition ? Explain equilibrium of a firm under perfect competition.



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13. What do you understand by Break-Even Analysis ? Explain its managerial uses and limitations.
14. Explain the concept of production function. How it is useful to the managerial economist ?
15. From the following information, you are required to calculate break-even point in units and sales value.  
 Output = 1500 units  
 Variable cost per unit = Rs. 10  
 Total fixed cost = Rs. 10,000  
 Selling price per unit = Rs. 15
16. An investment proposal would initially cost Rs. 25,000 and would generate year-end cash inflows of Rs. 9,000, Rs. 8,000, Rs. 7,000, Rs. 6,000 and Rs. 5,000 in one through five years. The required rate of return is assumed to be 10 %. Calculate Net Present Value (NPV) and Profitability Index (PI).
17. From the following Trial Balance of ABC Ltd, prepare the Trading and Profit and Loss Account for the year ending 31<sup>st</sup> December, 2010 and a Balance Sheet as on that date.

**Trial Balance**

Particulars	Dr.	Cr.
Purchases and Sales	2,75,000	5,00,000
Returns	15,100	9,000
Carriage Outwards	12,500	—
Wages and salaries	58,000	—
Discounts	2,000	—
Rent	—	12,000



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Insurance	2,000	—
Debtors and Creditors	1,10,000	57,900
Printing and stationery	5,000	—
Commission	—	1,000
Opening Stock	36,500	
Cash in hand	12,800	
Cash at bank	26,000	
Bank loan	—	25,000
Capital		2,50,000
Furniture	50,000	
Land and buildings	1,50,000	
Machinery	1,00,000	
	<b>8,54,900</b>	<b>8,54,900</b>

Adjustments :

- 1) Outstanding rent Rs. 1,500
- 2) Closing stock 5,000
- 3) Prepaid Insurance Rs. 500
- 4) Depreciate Land and Building at 10 % and machinery at 15 %.