

## FACULTY OF ENGINEERING

B.E. 3/4 (CE/CSE/IT)I-Sem. Suppl. Examination

June - 2008

Subject : 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. Distinguish between firm and industry.
3. Demand Function.
4. Briefly explain internal economies of scale.
5. Explain the concept of Law of Demand.
6. Monopoly and Duopoly.
7. Differentiate between Cash discount and Trade discount.
8. Why an analytical Petty Cash Book is maintained ?
9. What is a Trial Balance ?
10. How Bad debts are dealt in Final Accounts ?

**Code No. 4025**

**(2)**

**PART - B (5×10=50 Marks)**

11. Explain the scope of Managerial Economics, also explain its relationship with other sciences.
12. What is perfect competition ? How the price and output are determined under perfect competition ?
13. What is working capital ? Explain the factors determining working capital requirements of a firm.
14. What is demand forecasting. ? Explain different methods of demand forecasting.
15. (a) What are the managerial uses of Break-even Analysis ?  
(b) Find out the Break-even point and sales value to earn a profit of Rs.60,000.

Selling price per unit Rs. 15

Variable Cost per unit Rs. 10

Fixed Cost per unit Rs.1,50,000

16. A decision is to be made between two competing projects which require an equal investment of Rs.50,000 and are expected to generate net cash flows as under:

Years	1	2	3	4	5	6
Project-I	25000	15000	10000	Nil	12000	6000
Project-II	10000	12000	18000	25000	8000	4000

The cost of capital of the company is 10 % which project should be chosen ?  
Evaluate the project proposals under pay back period.

17. Prepare Trading and Profit & Loss Account and Balance Sheet from the following particulars:

Trial Balance as on 31-12-2007.

<i>Particulars</i>	<i>Dr. Balance</i>	<i>Cr. Balance</i>
Purchases	16,000	--
Discount	1,300	--
Wages	6,500	--
Travelling Expenses	500	--
Salaries	2,000	--
Carriage Inwards	275	--
Insurance & Rent	150	--
Commission	825	--
Cash at Bank	2,750	--
Sundry expenses	355	--
Interest on loan	100	--
Buildings	4,000	--
Machinery	2,000	--
Opening Stock	5,750	--
S. Debtors	3,250	--
Capital	--	10,655
Sales	--	30,000
Loan	--	3,000
S. Creditors	--	2,100
	<u>45,755</u>	<u>45,755</u>

Adjustments:

1. Closing stock Rs.6000
2. Rent outstanding Rs.60