

B.E. 3/4 (Civil/CSE/IT) I Semester Supplementary Examination

May / June 2007

MANAGERIAL ECONOMICS AND ACCOUNTANCY

Time : 3 Hours]

[Max. Marks : 75

- Note :** 1) Answer **all** questions of Part A.
2) Answer any **five** questions from Part B.

Part - A

Marks $10 \times 2 \frac{1}{2} = 25$

1. What is the scope of Managerial Economics ?
2. Explain the need for understanding the relationship between Managerial Economics and other disciplines.
3. What is meant by Demand Function ? How is it different from Law of Demand ?
4. State the features of Perfect Competition comparing it with Monopoly.
5. What is meant by Pay Back and Discounted Cash Flow methods ?
6. Why is fixed capital ignored while taking certain decisions ? Explain with reference to pricing.
7. What is Opportunity Cost ? State its significance.
8. Define production function. What is an Isocost Curve ?
9. What is Double Entry Book Keeping ? Why is a Journal maintained ?
10. Explain the purpose of preparing a Trial Balance.

11. Define Managerial Economics. How does it serve the purpose of managers of a firm in their decision-making ?
12. Why should managers understand the concept of Demand Elasticity ? What decisions could be taken based on this concept ?
13. 'A monopolist can determine either price or output'. Discuss.
14. What is meant by Break-even Analysis ? What is its significance to managers ? Illustrate.
15. What is Net Present Value method ? Explain with an illustration how it is useful to managers.
16. The following information is given to you. Find out the current assets and Working Capital :

$$\text{Current Ratio} = 2.5$$

$$\text{Current Liabilities} = \text{Rs. } 50,000.$$

17. From the following particulars, prepare a Balance Sheet of XYZ Co. Ltd., as on 31-3-06 :

| | | |
|---------------------|-----|----------|
| Sundry Creditors | Rs. | 25,000 |
| Cash at Bank | Rs. | 7,000 |
| Sundry Debtors | Rs. | 45,000 |
| Closing Stock | Rs. | 35,000 |
| Plant and Machinery | Rs. | 90,000 |
| Capital : | | |
| Opening Balance | Rs. | 1,13,075 |
| Net Profit | Rs. | 38,925 |