

FACULTY OF ENGINEERING
B.E. 3/4 (Elect/Inst/ECE) II-Semester Main Examination, April 2006
MANAGERIAL ECONOMICS AND ACCOUNTANCY

Time : Three Hours]

[Maximum Marks : 75

Note:— Answer ALL questions from Part A and any five questions from Part B.

PART—A

(Marks : 25)

1. Distinguish between Economics and Managerial Economics. 3
2. Distinguish between a Change in Demand and a Change in the quantity demanded. 3
3. What are the essential conditions of Perfect competition ? 3
4. What is Production function ? 3
5. What are the features of iso-product curves ? 3
6. Distinguish between Payback period and Net Present value method. 2
7. What do you mean by Working capital and Fixed capital ? 2
8. What do you understand by Dual Aspect concept ? 2
9. What are the differences between Journal and Ledger ? 2
10. What is a Trial Balance ? 2

PART—B

(Marks : 5×10=50)

11. Define Managerial Economics and explain its Nature and Scope. How the economic theory is useful to the Engineer in his decision making process ?
12. What do you mean by law of demand ? Explain the features, assumptions and limitations of the law of demand.
13. Distinguish between Perfect market and Monopoly. How the price and output are determined under perfect market ?
14. What do you mean by economies of scale ? Explain various types of internal and external economies of scale.

- 15. Explain the relationship between Marginal cost, Average cost and Total cost in relation to a change in the level of output.
- 16. A project costs Rs. 2,50,000 and has a scrap value of Rs. 50,000 after five years. The net profit before depreciation and taxes for the five years period are expected to be Rs. 50,000, Rs. 60,000, Rs. 70,000, Rs. 80,000 and Rs. 1,00,000. The company pays tax at 50%. The straight-line method of depreciation will be followed by the company. Assuming a 10% discount rate, you are required to calculate :
 - (a) The Payback period
 - (b) Accounting Rate of Return and
 - (c) Net Present Value of the Project.
- 17. The following is the Trial Balance of Mr. Rajaji as on 31.3.2005 :—

Particulars	Dr. (Rs.)	Cr. (Rs.)
Mr. Rajaji Capital		2,40,000
Mr. Rajaji Drawings	45,000	
Purchases 2,00,000		
Sales	3,05,000	
Returns inwards	15,000	
Returns outwards		12,000
Stock (opening)	80,000	
Salaries 42,000		
Wages 12,000		
Rent	3,500	
Bad Debts	4,000	
Discounts 7,000	19,000	
Sundry Debtors	1,40,000	
Sundry Creditors		1,00,000
Cash in hand	2,600	
Cash at Bank	59,400	
Insurance 4,000		
Trade expenses	3,000	
Printing charges	1,500	
Furniture 20,000		
Machinery 50,000		
Bills receivables	12,000	
Bills Payable		25,000
	7,01,000	7,01,000

Additional information:

- (1) Closing stock was valued at Rs. 70,000.
- (2) Insurance was prepaid to the extent of Rs. 600.
- (3) Outstanding Salaries and Wages Rs. 6,000 and 2,000 respectively.
- (4) Depreciate Machinery at 5% and Furniture at 10%.

From the above Trial balance, prepare Trading and Profit and Loss account for the year ended 31st March, 2005 and Balance Sheet as on that date.