



Code No. : 5096/M

FACULTY OF ENGINEERING
B.E. 3/4 (E & EE/Inst./ECE) II Sem. (Main) Examination, May/June 2012
MANAGERIAL ECONOMICS AND ACCOUNTANCY

Time: 3 Hours]

[Max. Marks : 75

Note : Answer *all* questions from Part A. Answer *any five* questions from Part B.

PART – A

Marks : 25

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|--------------------------------------|---|
| 1. Discounting principle. | 3 |
| 2. Consumer goods and capital goods. | 3 |
| 3. Demand forecasting. | 3 |
| 4. Laws of returns. | 3 |
| 5. Explicit cost and implicit costs. | 3 |
| 6. Features of L.A.C. | 2 |
| 7. Pay back period and N.P.V. | 2 |
| 8. Business entity concept. | 2 |
| 9. Double entry principle. | 2 |
| 10. Journal and ledger. | 2 |

PART – B

Marks : 50

11. Define managerial economics and explain its nature and scope. Is it relevance to engineers ?
12. What do you mean by demand ? Explain the law of demand with reference to price and income as determinants of demand.
13. Explain the cost-output relations in the short run and long run.
14. What do you mean by break-even point ? And calculate Break-even point from the following particulars :
Variable cost per unit Rs. 60; selling price per unit Rs. 100; and fixed cost Rs. 2,00,000. Also find out the number of units to be sold to earn a profit of Rs. 60,000.



15. A company is in the consideration of two mutually exclusive projects require an initial investment of Rs.1,00,000 each and have a life of 5 years. The required rate of a company is 10%. The net cash inflows after tax are as follows:

Year	Project A	Project B
1	25,000	20,000
2	25,000	20,000
3	30,000	30,000
4	30,000	25,000
5	35,000	25,000

Calculate :

- 1) Pay back period
 - 2) Net present value and
 - 3) Profitability index
16. Explain the following in brief :
- 1) Convention of conservation
 - 2) Production function
 - 3) Cross elasticity of demand.
17. From the following Trial Balance, prepare Trading Account, Profit and Loss Account and also a Balance Sheet as on 31-12-2010.

Trial Balance

Particulars	Dr. (Rs.)	Cr. (Rs.)
Opening stock	15,000	
Purchases	50,000	
Returns	1,500	2,000
Wages	7,000	
Fuel and power	5,200	
Carriage on sales	3,500	
Carriage inwards	2,400	



Cash in hand	1,000	
Cash at bank	6,250	
Buildings	1,10,000	
Sales		1,50,500
Capital		1,45,000
Rent		10,000
Machinery	85,000	
Patents	7,500	
Salaries	15,000	
General expenses	3,400	
Insurance	6,500	
Drawings	10,000	
Sundry debtors	24,600	
Sundry creditors		22,500
Bills payable		18,850
Bank overdraft		5,000
	3,53,850	3,53,850

Adjustments :

- 1) Closing stock value Rs. 15,000
 - 2) Outstanding salaries Rs. 2,000
 - 3) Prepaid insurance Rs. 500
 - 4) Depreciate machinery at 10%
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