



Code No. : 5034/ S

FACULTY OF ENGINEERING/INFORMATICS
B.E. 3/4 (CE/CSE/IT) 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

1. The origin of the word “ Economics” lies in this language
a) Greek b) Latin c) Italian d) English 2
2. Micro and Macro Economic approaches imply the something in Managerial Economics. True/False. 2
3. Define monopoly. 3
4. Match the following : 4
 - A) Price elasticity of demand a) Measure of sensitiveness of one variable to changes in other variable
 - B) Elasticity b) Measures the elasticity of demand for a good with respect to its price
 - C) Cross elasticity of demand c) Ratio of percentage change in quantity produced to the percentage change in factor input
 - D) Income elasticity of demand d) Measures the sensitiveness of demand for a good for a change in its advertisement budget
 - e) Measures the sensitiveness of demand to a change in consumers income
 - f) Measures the responsiveness of demand for a product for a change in its price

(This paper contains 4 pages)

1

P.T.O.



5. Define Break Even Point. 2
6. State the law of diminishing marginal returns. 2
7. The _____ of the project is calculated by subtracting the present value of all cash outflows from the present value of all future cash inflows. 2
- a) ARR b) IRR c) NPV d) PB
8. A project needs Rs. 20 lakh investment. It generates Rs. 7,50,000 annually for 5 years. Calculate Pay Back Period. 3
9. _____ is a person to whom the business owes money. 2
- a) Debtor b) Proprietor c) Banker d) Creditor
10. The accounting equation is given by 3
- a) Assets = Capital – Liabilities
- b) Capital = Assets + Liabilities
- c) Capital + Liabilities = Assets
- d) None of the above

PART – B

50

11. Explain the “Law of Demand”. Appreciate its importance to decision making with a suitable example. What are the exceptions to the law of demand.
12. What do you understand by “Managerial Economics” ? Explain its importance and relationship with other sciences.
13. a) Appreciate the significance of categorizing costs for managerial decision making.
- b) X is considering investing Rs. 2 lakh in a retail store. The projected income statement is as follows :
- | | |
|--------------------|------------|
| Sales | Rs. 90,000 |
| Cost of goods sold | Rs. 40,000 |
| Advertising | Rs. 10,000 |
| Depreciation | Rs. 10,000 |
| Utilities | Rs. 3,000 |
| Property tax | Rs. 7,000 |



The following implicit costs are recognised :

- 1) The best alternative for amount invested is to deposit it in a bank to earn an interest rate of 5% p.a.
- 2) X can work in another wage employment and earn Rs. 60,000 p.a.

Determine the Net Economic Profit and comment on the acceptability of the proposal.

14. What are the various sources of capital for a firm ?
15. a) Appreciate the importance of Pay Back Method in capital budgeting decisions.
b) Projects A and B require an investment of Rs. 3 lakh each. Project A yields an inflow of Rs. 1 lakh p.a. for 5 years while project B yields an inflow of Rs. 75,000 p.a. over a 10 year period. Calculate the pay back period for each project and analyse them.
16. Enter the following transactions in the Purchases, Purchase Returns, Sales Returns and Sales Books.

2008

- May 1 Bought goods from A with a cash discount of 10% Rs. 10,000
- 5 Sold goods to B with a discount of 5% Rs. 5,000
- 7 Bought goods from X for cash Rs. 1,000
- 10 Sold goods to C Rs. 4,000
- 12 Bought goods from D Rs. 6,000
- 18 C returned goods Rs. 500
- 19 Returned goods to D Rs. 300
- 25 Purchased typewriter from Z Rs. 8,000
- 31 Sold office table to P Rs. 350.



17. Prepare the Final Account from the following Trial Balance of XYZ Co. Ltd.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	—	75,000
Sales	—	1,10,000
Creditors	—	14,000
Bills payable	—	6,000
Purchases	50,000	—
Opening Stock	60,000	—
Wages	5,000	—
Salaries	6,000	—
Office expenses	4,000	—
Debtors	40,000	—
Cash	3,000	—
Plant and Machinery	20,000	—
Rent	2,000	—
Bad debts	1,000	—
Receivables	4,000	—
Goodwill	10,000	—
Total	2,05,000	2,05,000

Adjustment :

Closing stock Rs. 60,000.