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**VASAVI COLLEGE OF ENGINEERING (Autonomous), HYDERABAD**  
**B.E. III Year II Semester Old Examinations, May-2019**

**Managerial Economics and Accountancy**  
**(ECE & IT)**

Time: 3 hours

Max. Marks: 70

*Note: Answer ALL questions in Part-A and any FIVE from Part-B*

**Part-A (10 × 2 = 20 Marks)**

Write four important points on each of the following:

1. Define Managerial Economics.
2. Illustrate opportunity cost principle.
3. Discuss price elasticity of demand.
4. What is demand forecasting?
5. List the features of Monopoly.
6. Explain Law of Variable Proportions.
7. Describe Average or Accounting Rate of Return.
8. What is Net working capital? Give an example.
9. State the need of Bank Reconciliation Statement.
10. Explain the significance of Profitability ratios.

**Part-B (5 × 10 = 50 Marks)**

*All sub-questions carry equal marks*

- 11.a) Discuss the scope and nature of Managerial Economics.
- b) How are micro economics and Managerial Economics related?
- 12.a) Define 'Supply'. List out the factors influencing supply.
- b) Discuss the demand determinants.
- 13.a) Define Isoquants. Explain the properties of Isoquants.
- b) Fixed costs = Rs 50,000  
         Variable Cost per unit = Rs. 10  
         Selling price per unit = Rs.20  
         Compute the breakeven point in units and rupees.
- 14.a) Discuss the sources of long term finance.
- b) A project involves an outlay of Rs 10, 00,000/-. The cash inflows after tax (CFAT) are Rs.3,00,000/- per annum for 5 years. Compute the payback period and average rate of return.
- 15.a) Prepare bank reconciliation statement from the following information of Ram as on  
         Balance as per passbook Rs.13,000/-  
         Cheques deposited but not credited Rs. 2800/-  
         Bank collected dividend Rs. 200/-  
         A customer directly deposited into bank Rs. 610/-  
         Cheques issued but not presented for payment Rs. 190/-

b) Calculate current ratio and quick ratio from the following information.

Particulars	Rs	Particulars	Rs
<b>Assets</b>		Cash at bank	30,000
Goodwill	50,000	Inventories	75,000
Plant and Machinery	4,00,000	<b>Liabilities</b>	
Trade investments	2,00,000	Bank Overdraft	70,000
Marketable securities	1,50,000	Sundry creditors	60,000
Bills Recievable	40,000	Bills Payable	90,000
Cash in hand	45,000	Outstanding Expenses	30,000

16. a) Discuss the Law of Equi-marginal utility.

b) Explain Marginal revenue and average revenue with examples.

17. Answer any *two* of the following:

a) Explain the concepts of Variable cost, Fixed cost, Explicit costs and Implicit costs with examples.

b) How are discounted cash flow methods better than traditional methods of capital Budgeting.

c) Prepare Balance Sheet from the following:

Particulars	Rs	Particulars	Rs
<b>Assets</b>		Cash at bank	30,000
Goodwill	50,000	Inventories	75,000
Plant and Machinery	4,00,000	<b>Liabilities</b>	
Trade investments	2,00,000	Bank Overdraft	70,000
Marketable securities	1,50,000	Sundry creditors	60,000
Bills Recievable	40,000	Bills Payable	90,000
Cash in hand	45,000	Outstanding Expenses	30,000

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