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Code No. : 31104

VASAVI COLLEGE OF ENGINEERING (Autonomous), HYDERABAD
B.E. (C.S.E.) III Year I-Semester (Main) Examinations, Nov./Dec.-2016

Managerial Economics and Accountancy

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)

1. Explain Micro Economics.
2. Relate Managerial Economics with Psychology.
3. List any five determinants of demand.
4. Illustrate Cross Elasticity of demand.
5. What is Production Function?
6. Discuss Internal Economies of Scale.
7. Outline the importance of capital budgeting decision.
8. Distinguish gross working capital from net working capital.
9. Calculate Current ratio if Cash is Rs.50,000; Stock Rs.50,000; Current liabilities Rs.50,000.
10. Explain the double entry rules for the types of accounts.

Part-B (5 × 10 = 50 Marks)

11. a) Discuss the scope of managerial economics. [5]
b) Distinguish between Risk and Uncertainty. [5]
12. a) What is Demand Forecasting? Explain the methods of demand forecasting. [7]
b) Explain the relationship between Total Revenue (TR) and Marginal Revenue (MR). [3]
13. a) Explain the Law of Variable Proportions with suitable example. [7]
b) Calculate Break-even point in terms of units from the following information. [3]

Particulars	Rs.
Fixed cost	72,000
Variable cost per unit	15
Selling price per unit	24

14. a) Illustrate the factors determining working capital requirements of an organization. [5]
b) Find Average rate of return from the following information: [5]
Cost of the project – Rs.1,00,000

Year	Net profit after taxes (Rs.)
1	20,000
2	30,000
3	40,000
4	50,000
5	30,000

15. a) When does a Contra entry appear while preparing a three column cash book. [4]
 b) Prepare Trading and Profit and Loss account of Kapoor & Co. for the year ending 31st March 2012 and Balance sheet as on that date. [6]

Particulars	Rs.	Particulars	Rs.
Opening stock	500	Commission (Cr.)	200
Bills receivable	2,250	Returns outward	250
Purchases	19,500	Trade expenses	100
Wages	1,400	Office fixtures	500
Insurance	550	Cash in hand	250
Sundry Debtors	15,000	Cash at bank	2,375
Carriage inward	400	Rent & Taxes	550
Commission (Dr.)	400	Carriage outward	725
Interest on capital	350	Sales	25,000
Stationery	225	Bills payable	1,500
Returns inward	650	Creditors	9,825
		Capital	8,950

Adjustment: Closing stock was valued at Rs.12,500

16. a) Explain the time value of money in managerial decision making. [5]
 b) Define income elasticity of demand and its utility in organisation decision making process. [5]
17. Answer any *two* of the following:
 a) Analyse the features of Perfect competition market. [5]
 b) Examine the long term sources of raising capital. [5]
 c) Calculate Debt-Equity ratio from the following information. [5]

Particulars	Rs.
Equity share capital	3,00,000
Reserves and surplus	50,000
Preference share capital	1,00,000
Long-term debt	3,00,000
Debentures	1,00,000
Current liabilities	5,000
Sundry creditors	5,000
Prepaid expenses	8,000
Stock	12,000

