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Code No.: 31104 S

**VASAVI COLLEGE OF ENGINEERING (Autonomous), HYDERABAD**  
**B.E. (C.S.E.) III Year I-Semester Supplementary Examinations, May/June-2017**

**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. Define equi-marginalism.
2. Distinguish incremental principle from marginal principle.
3. Formulate a demand schedule.
4. Illustrate Delphi method of demand forecasting.
5. List the features of isoquants.
6. How is price-output determined in perfect competition?
7. Illustrate implicit cost.
8. Relate hire purchase system with instalment purchase system.
9. Justify the need for preparing bank reconciliation statement.
10. Examine the significance of Liquidity ratios.

**Part-B (5 × 10 = 50 Marks)**

11. a) Discuss the relation of managerial economics with other disciplines. [7]  
b) Explain the terms 'profit' and 'scarcity'. [3]
12. a) Analyze the demand determinants with examples. [6]  
b) Illustrate the factors influencing price elasticity of demand. [4]
13. a) Calculate i) Breakeven point in terms of volume, and in sales value ii) Margin of safety when actual production is 8000 units. The firm has fixed costs of Rs.10000. Selling price per unit is Rs. 5, and variable cost per unit is Rs. 3. [6]  
b) Differentiate incremental cost and sunk cost and replacement cost and historical cost. [4]
14. a) Calculate i) Payback period ii) NPV (at discount rate of 12%). Projects A, B and C each have an initial investment of Rs. 10 lakhs. Expected after tax cash flows are given bellow. [7]

Year	A	B	C
1	500000	600000	200000
2	500000	200000	200000
3	200000	200000	600000

- b) Outline the merits and limitations of traditional techniques of capital budgeting. [3]

15. a) Prepare final accounts for Messrs. Ram for the year ended 31<sup>st</sup> March 2016, from the Trial Balance given below. [7]

Account	Debit (Rs.)	Credit (Rs.)
Cash in hand	5000	-
Purchases	55000	-
Sales	-	150000
Sales returns	2000	-
Purchase returns	-	1000
Carriage on sales	2000	-
Bank overdraft	-	30000
Bad debts	1000	-
Opening stock	35000	-
Interest received	-	3200
Buildings	18000	-
Furniture	15000	-
Salaries and wages	4000	-
Advertising	2000	-
Machinery	50000	-
Capital	-	25800
Debtors	31000	-
Creditors	-	10000
<b>Total</b>	<b>220000</b>	<b>220000</b>

Closing stock Rs. 32000; Depreciation on machinery Rs. 1000, furniture Rs. 1000.

- b) Examine the importance of ratio analysis. [3]
16. a) Illustrate how managerial economics helps in solving managerial problems. [5]
- b) Differentiate extension and contraction of demand from increase and decrease in demand. [5]
17. Answer any *two* of the following:
- a) List the types of market structure with their features. [5]
- b) State the different modes of security with examples. [5]
- c) Journalize the following transactions: [5]
- April 1 : Commenced business with a capital of Rs. 200000.
- April 15 : Purchased machinery Rs. 25000.
- May 9 : Purchased goods from Romesh on credit Rs. 40000.
- May 20 : Paid cash to Romesh Rs. 20000.
- June 2 : Sold goods for cash Rs. 40000.

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