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Code No.: 32313 AS

VASAVI COLLEGE OF ENGINEERING (Autonomous), HYDERABAD
B.E. III Year II-Semester Advanced Supplementary Examinations, June/July-2017

Managerial Economics and Accountancy
(E.C.E. & I.T.)

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 Managerial Economics.
2. Illustrate discounting principle.
3. What is Advertising Elasticity of demand?
4. State the Law of Supply.
5. Mention Break-even formula (in units and Rupees).
6. Explain Isoquants.
7. Outline the Modes of Security.
8. State the importance of Working capital.
9. What is Bank Reconciliation Statement?
10. Assess the importance of Ratio Analysis.

Part-B (5 × 10 = 50 Marks)

11. a) Explain relationship of Managerial Economics with other sciences. [6]
b) Distinguish between Micro and Macro Economics. [4]
12. a) What is Price Elasticity of Demand? Explain its types. [6]
b) State the Determinants of Demand. [4]
13. a) Discuss the Internal and External economies of Scale. [6]
b) Calculate Break-even point in terms of units from the following information. [4]

Particulars	Rs.
Fixed cost	76,500
Variable cost per unit	15
Selling price per unit	24

14. a) Calculate Gross working capital and Net working capital from the following information: [6]

Particulars	Rs.
Plant & Machinery	1,00,000
Land & Buildings	1,50,000
Cash in hand	10,000
Cash at Bank	25,000
Marketable investments	5,000
Bills receivable	8,000
Sundry creditors	9,000
Current liabilities	6,500

- b) Compare traditional and discounted techniques of Capital Budgeting. [4]

15. a) Prepare Profit and Loss Account of M/s Ashok & Sons from the following balances extracted at the close of the year ended 31st March 2012: [6]

Particulars	Amt. Rs.	Particulars	Amt. Rs.
Gross profit	1,01,000	Discount (Dr.)	500
Carriage outward	2,500	Apprentice Premium (Cr.)	1,500
Salaries	5,500	Printing & Stationery	250
Rent	4,100	Rates & Taxes	350
Fire Insurance Premium	900	Travelling expenses	200
Bad Debts	2,100	Sundry Trade expenses	300
Income tax paid	3,500	Rent received on sub-letting	1,000
Life insurance premium	3,000		

- b) Elaborate Golden rules of Accounting. [4]
16. a) Explain the concept of discounting principle in managerial decision making. [5]
- b) What is Cross elasticity of demand? Explain its advantages. [5]
17. Answer any *two* of the following:
- a) Illustrate the features of Monopoly market. [5]
- b) Calculate Average rate of return from the following information. [5]
- Cost of the project – Rs.90,000

Year	Cash inflows (Rs.)
1	10,000
2	30,000
3	30,000
4	50,000
5	30,000

- c) Discuss the uses of Petty Cash Book. [5]

