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Code No. : 41024 S

VASAVI COLLEGE OF ENGINEERING (Autonomous), HYDERABAD
B.E. IV Year I-Semester Supplementary Examinations, May-2019

Managerial Economics & Accountancy
(Civil, EEE & Mech. Engg.)

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. What is the Scope of managerial economics?
2. Differentiate between Risk & Uncertainty
3. Define demand.
4. Discuss Cross Elasticity of Demand.
5. Explain briefly Economies of Scale.
6. List the assumptions of Breakeven Analysis.
7. Differentiate between NPV & IRR.
8. What is the significance of Pay Back period method?
9. Describe the Business Entity Concept.
10. Compare liquidity with solvency.

Part-B (5 × 10 = 50 Marks)

11. a) Analyse the usefulness of Managerial Economics to Engineers and how it is related to other branches of sciences. [5]
b) Discuss the concepts of Marginalism & Equi-marginalism. [5]
12. a) Write about the various methods of demand forecasting. [5]
b) Suppose the market demand for Parker brand pen is given by the equation $Q = 6,00,000 - 1,00,000P$ where Q is the number of pens demanded each year and P is the price in Rupees for a price increase from Rs. 2 to Rs. 3 per pen, what is the arc price elasticity [5]
13. a) What do you understand by cost Draw a long run cost diagram and explain. [5]
b) You are given the following particulars: Calculate break even point and sales to earn a profit of Rs. 20,000. Fixed cost Rs. 1,50,000; Variable cost per unit Rs. 15; Selling price per unit Rs. 30. [5]
14. a) Differentiate Gross Working capital from Net Working capital. [2]
b) Matrix Ltd is buying one of the following two mutually exclusive investment projects. [8]
Project A: Buy a machine that requires an initial investment of Rs. 1, 00,000 and will generate the cash flows after tax of Rs. 30,000 per year for 6 years.
Project B: Buy a machine that requires an initial investment of Rs. 1, 25,000 and will generate the cash flows after tax of Rs 20,000 for 12 years.
Assuming that the company uses 10% cost of capital, calculate NPV and state which project do you recommend? Why?

15. a) Briefly outline the reasons for discrepancy between cash book and pass book [5]
 b) Prepare a triple column cash book from the following particulars [5]

2008 June	Particulars
1	Cash in Hand Rs. 600/-
1.	Cash at Bank Rs.1500/-
5.	Cash purchases Rs.500/-
7.	A Cheque received from Mr. Y Rs.1980/-, Discount allowed Rs.20/-
9	Cheque from 'Y' deposited into bank Rs. 1980/-
13	Cash sales Rs. 1500/- out of which Rs.500/- was deposited into the bank
15	Rafi settled his account Rs.800/-; Discount allowed to him 5%

16. a) "Managerial economics is the integration of economic theory with business practice for the purpose of facilitating decision-making and forward planning by manager". Explain and comment. [5]
 b) With a help of a neat diagram explain the relationship between marginal revenue, total revenue, marginal cost and total cost function. [5]
17. Answer any *two* of the following:
- a) Explain how price-output determination is done under Perfect Competition [5]
 b) Discuss any five working capital determinants. [5]
 c) Briefly list out the classification of various types of ratios. [5]
