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Code No. : 153 O

VASAVI COLLEGE OF ENGINEERING (Autonomous), HYDERABAD
M.C.A. I Year I-Semester (Backlog) Examinations, December-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 the concept of opportunity cost and its usefulness.
2. Define Risk and uncertainty.
3. Differentiate Law of Demand and Elasticity of Demand.
4. Discuss Law of equi-marginal utility.
5. What are isoquants?
6. Explain contribution.
7. List the techniques of Capital Budgeting.
8. Illustrate the sources of working capital for a trading concern.
9. Appraise Double Entry system of book-keeping.
10. What are subsidiary books?

Part-B (5 × 10 = 50 Marks)

11. a) Discuss the usefulness of Managerial Economics. [4]
b) Illustrate the application of Discounting and incremental principles in business decisions. [6]
12. a) Discuss the need for demand forecasting. What are the methods normally used to forecast demand? [5]
b) Calculate price elasticity of Demand if 10 units are demanded at price of Rs.10 and 8 units demanded at price of Rs. 12. [5]
13. a) Explain the application of law of variable proportions in business decisions. [4]
b) Given Fixed cost Rs. 1,50,000/- selling price per unit Rs. 85/- and variable cost per unit Rs. 75/- calculate number of units to be sold in order to reach break-even point. [6]
14. a) Calculate payback period if the project involves and outlay or Rs. 75,000/- with life of 5 years. The estimated cash inflows are as follows: [7]

Years	Cash inflows
1	18,000/-
2	22,000/-
3	26,000/-
4	32,000/-
5	40,000/-

- b) Explain the determinants of working capital for a trading concern. [3]

15. a) Discuss the importance and limitations of ratio analysis. [4]
 b) Calculate Debt-Equity ratio from the following particulars. [6]

	Rs.		Rs.
Equity share capital	1,00,000	Securities Premium a/c	15,000
Preference share capital	50,000	12% Debtors	1,25,000
General Reserves	40,000	Trade Creditors	40,000
Capital reserves	10,000	Outstanding expenses	5,000
P & L account (credit)	25,000	Provision for tax	10,000

16. a) Explain the concepts of Marginalism and Equi-marginalism. [5]
 b) Evaluate the factors which influence the demand for washing machines and mobile phones. [5]
17. Answer any *two* of the following:
- a) How the price is determined in a perfectly competitive market? [5]
 b) Differentiate pledge from hypothecation with suitable examples. [5]
 c) Journalize the following transactions. [5]
- i) Rent paid Rs. 10,000
 - ii) Capital invested Rs. 50,00,000
 - iii) Purchased machinery from L & T Company Rs. 10,00,000

Year	...
2017	...
2018	...
2019	...
2020	...