**Code No. HS302HS**

**METHODIST COLLEGE OF ENGINEERING & TECHNOLOGY (An Autonomous Institution)**

**B.E. (CIVIL/ECE) III-Semester (AICTE) (Regular) Examination, Feb -2023**

**Subject: MANAGERIAL ECONOMICS & FINANCIAL ACCOUNTANCY**

**Time: 3 hours Max.Marks:60**

**Note: Missing data, if any, maybe suitably assumed.**

**PART-A**

**Answer All the questions.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Q.No.** | **Questions** | **Marks** | **CO** | **BTL** |
| **1 a** | List the operational issues of a firm. | **2** | **1** | **1** |
| **b** | Explain the features of managerial economics. | **2** | **1** | **2** |
| **c** | Define Law of demand. | **2** | **2** | **1** |
| **d** | What is Veblen effect? | **2** | **2** | **1** |
| **e** | Outline the advantages of accounting. | **2** | **3** | **2** |
| **f** | Double entry book keeping system.. | **2** | **3** | **2** |
| **g** | What are Current Ratio and Quick ratio? | **2** | **4** | **1** |
| **h** | Determine the gross profit ratio for the following figures:  Gross sales = ₹10, 00,000  Sales returns = ₹90,000  Cost of goods sold = 6, 75,000 | **2** | **4** | **5** |
| **i** | Explain Internal rate of return? | **2** | **5** | **2** |
| **j** | The life of a project is five years. ₹ 30,000 is the project cost and cash inflows are ₹ 10,000. Solve the payback period and the unadjusted rate of return. | **2** | **5** | **3** |

**PTO**

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**PART-B**

**Answer Any Five questions**.

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| **Q.No.** |  | **Questions** | **Marks** | **CO** | **BTL** |
| **2.** | **a** | Illustrate the role of Managerial economist. | **4** | **1** | **2** |
| **b** | Define Managerial Economics and explain its relationship with other disciplines. | **4** | **1** | **2** |
| **3.** | **a** | Examine the various types of Elasticity of Demand. | **4** | **2** | **4** |
| **b** | Compare and contrast the short run and long run for Monopoly market | **4** | **2** | **4** |
| **4.** | **a** | Examine the steps followed in the Accounting Cycle. | **4** | **3** | **4** |
| **b** | Distinguish between Journal and Ledger with suitable example | **4** | **3** | **4** |
| **5.** | **a** | Explain the Ratios used for financial analysis | **4** | **4** | **5** |
| **b** | Evaluate liquid ratio for the above company using the added details.  Current liabilities = 650000  Current assets = 850000  Stock = 200000  Advance tax = 50000  Prepaid expense = 100000 | **4** | **4** | **5** |
| **6.** | **a** | Evaluate the net present values of projects X and Y. Which of the two should be accepted?   |  |  |  | | --- | --- | --- | | **Parameter** | **Project X** | **Project Y** | | Initial investment  Estimated life  Scrap value | Rs.20000  5 years Rs.1000 | Rs. 30000  5 years  Rs.2000 |   The following table shows the profits (Rs.) before depreciation and after taxation:   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Year 1** | | **Year 2** | | **Year 3** | | **Year 4** | | **Year 5** | | | Project X  Project Y | 5000  20000 | | 10000  10000 | | 10000  5000 | | 3000  3000 | | 2000  2000 |   The present value factors at 10% p.a. are given below:   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Year | **1** | **2** | **3** | **4** | **5** | **6** | | Factor | 0.909 | 0.826 | 0.751 | 0.683 | 0.621 | 0.584 | | **4** | **5** | **5** |
| **b** | Explain all the approaches to Working capital management. | **4** | **5** | **5** |
| **7.** | **a** | Managerial Economics is the study of allocation of resources available to a firm or other unit of management among the activities of that unit. Explain. | **4** | **1** | **5** |
| **b** | Examine the determinants of demand with relevant examples. | **4** | **2** | **5** |
| **8.** | **a** | Explain the important records of Accounting under Double Entry System and appraise scope of each? | **4** | **3** | **5** |
| **b** | Define financial statement analysis. What is the importance and who are the users of financial statement analysis? | **4** | **4** | **5** |
| **9.** | **a** | Explain the factors affecting Working capital management. | **4** | **5** | **5** |
| **b** | From the following balance sheet of XYZ Ltd. as on 31stMarch 2020  BALANCE SHEET   |  |  |  |  | | --- | --- | --- | --- | | Liabilities | Rs. | Assets | Rs. | | Equity share capital | 10,00,000 | Good will (at cost) | 5,00,000 | | 6%Preference Share capital | 5,00,000 | Plant & Machinery | 6,00,000 | | General Reserve | 1,00,000 | Land & Buildings | 7,00,000 | | Profit and Loss A/c | 4,00,000 | Furniture & Fixtures | 1,00,000 | | Provision for Tax | 1,76,000 | Stock-in-Trade | 6,00,000 | | Bills Payable | 1,24,000 | Bills Receivable | 30,000 | | Bank Overdraft | 20,000 | Debtors | 1,50,000 | | Creditors | 80,000 | Bank | 2,00,000 | | 12% Debentures | 5,00,000 | Marketable Securities | 20,000 | |  | 29,00,000 |  | 29,00,000 |   Evaluate Current Ratio, Quick Ratio, Debt to Equity Ratio, and Fixed asset Ratio | **4** | **5** | **5** |