**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, 00,000Sales returns = ₹90,000Cost 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**.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **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 = 650000Current assets = 850000Stock = 200000Advance tax = 50000Prepaid 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 2020BALANCE 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** |