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Question Paper Code : 60927

B.E./B.Tech. DEGREE EXAMINATION, NOVEMBER/DECEMBER 2016.

Seventh Semester

Computer Science and Engineering

MG 2452/MG 52/10177 GE 007 — ENGINEERING ECONOMICS AND
FINANCIAL ACCOUNTING

(Common to Fifth Semester Information Technology)

(Regulations 2008/2010)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. Define Managerial Economics.
2. What are all the objectives of firms?
3. Name a few important determinants of supply.
4. What is price elasticity of demand?
5. List out any two managerial uses of production function.
6. Differentiate between variable and fixed cost.
7. What is cost plus pricing?
8. How price is fixed under perfect competition?
9. What is Ratio analysis?
10. What is Net present value of an investment proposal?

PART B — (5 × 16 = 80 marks)

11. (a) (i) "Managerial Economics is the application of Economic principles for Business decision making" – Comment. (4)
- (ii) Discuss the types of firms and the objectives and goals they pursue. (12)

Or

- (b) (i) Explain the relationship between managerial Economics and Accounting, Statistics, Economics. (6)
- (ii) What are managerial decisions? What are all the steps involved in Decision Making? (10)
12. (a) (i) State the law of demand? Analyse the characteristics of law of demand. (8)
- (ii) What are all the demand determinants? (8)

Or

- (b) What is Elasticity of Demand? What are the various types of Elasticity of demand? Explain them with examples. (4+12)
13. (a) What is production function? Explain the managerial uses of production function. (4+12)

Or

- (b) Discuss the cost-output relationship in the short run and long run. (8+8)
14. (a) How prices are fixed under different objectives and different market structures? Explain with examples. (16)

Or

- (b) Discuss the following pricing methods and evaluate their merits and de-merits. (4+4+4+4)
- (i) Cost plus pricing
- (ii) Marginal cost pricing
- (iii) Penetration pricing
- (iv) Skimming the cream pricing.

15. (a) From the following Trial Balance of Sri Ram and sons, prepare the Trading and profit & loss account for the year ended 31st March, 2012.

Trial Balance
as on 31st March 2012

Name of account	Debit Rs.	Credit Rs.
Ram's Capital	-	29,000
Ram's Drawings	760	-
Purchases and sales	8,900	15,000
Sales and purchases return	280	450
Stock (1-4-2011)	1,200	-
Wages	800	-
Building	22,000	-
Freight and carriage	2,000	-
Trade expenses	200	-
Advertisement	240	-
Interest	-	350
Taxes and insurance	130	-
Debtors and creditors	6,500	1,200
Bills receivable and bills payable	1,500	700
Cash at bank	1,200	-
Cash in hand	190	-
Salaries	800	-
	46,700	46,700

Adjustments :

Stock on 31st March, 2012 was valued at Rs. 1,500.

Or

- (b) Sun shine spinning Mills Ltd., is considering two mutually exclusive proposals A and B. Their particulars are given below. (16)

Particulars	Years	Proposal A	Proposal B
Expected cash outlay	0	2,25,000	3,75,000
Expected cash inflows	1	1,00,000	2,00,000
	2	75,000	1,50,000
	3	50,000	1,00,000
	4	50,000	20,000
	5	20,000	-

Assuming the discount rate as 10% suggest which proposal can be selected.