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**Question Paper Code : 21927**

B.E/B Tech. DEGREE EXAMINATION, NOVEMBER/DECEMBER 2015.

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. Differentiate between Economics and Managerial Economics.
2. What is perfect competition?
3. What are all the major demand determinants?
4. State the law of supply.
5. What is production function?
6. Differentiate between variable and fixed cost.
7. What is skimming the cream pricing?
8. List out any four important factors that determine the price of a product.
9. What is a Profit and Loss account?
10. What is internal rate of return?

PART B — (5 × 16 = 80 marks)

11. (a) (i) "Managerial Economics is usage of economic principles for business decision making and forward planning" – Comment.
- (ii) Bring out the relationship between Economics and accounting, statistics and Math's. (8 + 8)

Or

- (b) (i) Discuss various types of firms and their objectives and goals. (12)
- (ii) Write a note on "Decision Analysis". (4)
12. (a) Explain various methods of demand forecasting and their features, merits and de-merits.

Or

- (b) Explain the concept of elasticity of supply. Discuss the various types of supply elasticity with appropriate examples.
13. (a) (i) Explain the various managerial uses of production function. (12)
- (ii) What is Isoquants? Define. (4)

Or

- (b) Discuss the cost output relationship in the short run and long run.
14. (a) What are all the factors that you would consider while formulating the pricing policy of an organization? Discuss them briefly.

Or

- (b) (i) Discuss pricing under different objectives and different market structures. (12)
- (ii) Discuss the role of Govt in pricing control. (4)

15. (a) (i) From the following Trial balance of Excellent & co on 31<sup>st</sup> March 2005 you are required to prepare the trading and profit and loss account and a balance sheet as on that date. (12)

Ledger Balances	Amount in Rs.	Ledger balances	Amount in Rs.
Opening stock	500	Commission received	200
Bills receivable	2250	Purchases returns	250
Purchases	19500	Trade expenses	100
Wages	1400	Office fixtures	500
Insurance	550	Cash in hand	250
Sundry debtors	15000	Cash at bank	2375
Carriage inward	400	Rent and taxes	550
Commission paid	400	Carriage outward	725
Interest on capital	350	Sales	25000
Stationery	225	Bills payable	1500
Sales return	650	Sundry creditors	9825
Capital	8950		

The closing stock was valued at Rs.12,500.

- (ii) How NPV and IRR are differentiated? (4)

Or

- (b) (i) M/s X...Ltd., has two alternatives under its consideration for the purchase of a machine. Capital expenditures and cash flows of the two alternatives are given below. (12)

Particulars	Machine A	Machine B
Cost of the machine (in Rs.)	50,000	75,000
Expected cash flow: First year	20,000	1,00,000
Second year	30,000	50,000
Third year	35,000	50,000
Fourth year	40,000	30,000
Fifth year	45,000	.....
Scrap value	5,000	8,000

Assuming the discount rate as 12%, calculate the Net present value and suggest for the selection: (Assume the proposals as mutually exclusive).

- (ii) Write on the demerits of Payback analysis. (4)