Code No: NR210401 **NR**

II B.Tech I Semester Supplementary Examinations, November 2005
MANAGERIAL ECONOMICS & PRINCIPLES OF ACCOUNTANCY
(Common to Electronics & Communication Engineering, Computer Science & Engineering, Bio-Medical Engineering, Information Technology, Electronics & Telematics and Electronics & Computer Engineering)

Time: 3 hours **Max Marks: 80**

Answer any FIVE Questions
All Questions carry equal marks

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1. "Economics is an inseparable aspect of engineering". Explain this statement. [16]

2. What is meant by elasticity of demand? Explain giving a suitable illustration, how elasticity of demand determines the price policy of a firm. [4+4+4+4]

3. Why does the Law of Diminishing Returns operate? Explain with the help of a diagram. [8+8]

4. Write short notes on the following:
   (a) Profit-Volume Ration
   (b) Margin of Safety

   [8+8]

5. Consider the case of the company with the following two investment alternatives each costing Rs. 9 lakhs. The details of the cash inflows are as follows;

	Rs. In Lakhs Project 1	Rs. In Lakhs Project 2
Year 1	3	6
2	5	4
3	6	3

   The cost of capital is 10 % per year. Which one will you choose?
   (a) Under NPV method
   (b) Under IRR method?

   [8+8]

6. How does a Monopoly firm attain equilibrium under different cost conditions?

   [8+8]

7. What do you understand by Joint Stock Company? What are its salient features?

   [6+10]

8. The following are the summarized particulars of Profit & Loss accounts and Balance sheet of XL Ltd. For the year ending 31 st December 2000.

Profit & Loss Account

Opening stock	1,99,000	Sales	17,00,000
Purchases	10,90,500	Stock	2,98,000
ManufacturingExpenses	28,500	Other income	18,000
Operating expenses	3,90,000		
Other expenses	8,000		
Net profit	3,00,000		
	20,16,000		20,16,000

BALANCE SHEET

Share capital	4,00,000	Fixed assets (net)	4,60,000
Reserves & surplus	1,80,000	Stock	2,98,000
Current liabilities	2,60,000	Debtors	1,42,000
Mortgage loan	1,20,000	Cash	60,000
	9,60,000		9,60,000

Determine: (a) Current ratio (b)Gross profit ratio (c) Operating ratio (d) Debt-Equity ratio [4x4=16]

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