

[MEA]

Managerial Economics and Accountancy

Imp Questions.

Unit - I

- All topic are imp
- Significance of Managerial Economics
- Growth & Development
- Nature & Scope of Managerial Economics

Unit - II

- Law of Demand (factors influencing, opposing situations)
- Demand analysis
- Elastic analysis
- Law \*

Unit III

- Production function and Breakeven analysis
- Markets & the monopoly

Unit - IV

- NPV & IRR and Profitability Problem
- Meaning, features & Importance of Capital budgeting
- Working Capital

All 5 methods → Payback, IRR, NPV, ARR  
IRR profitability.

Unit - V

- Concepts and conventions of accountancy
- Subsidiary books (7 types of books & formation)
- final account (default account)
- \* Journal (definition)

# Important Questions

## UNIT - I

1. **What is Managerial Economics? Explain the nature of managerial economics.**

*Ans :*  
Refer Unit-I, Q.No. 1

2. **Explain the scope of managerial economics.**

*Ans :*  
Refer Unit-I, Q.No. 2

3. **“Managerial Economics is perspective rather than descriptive”. Discuss.**

*Ans :*  
Refer Unit-I, Q.No. 3

4. **How Managerial Economics is useful to engineers ?**

*Ans :*  
Refer Unit-I, Q.No. 5

5. **Examine the concept of Equi-Marginalism.**

*Ans :*  
Refer Unit-I, Q.No. 8

6. **Define opportunity cost. Explain the importance of opportunity cost.**

*Ans :*  
Refer Unit-I, Q.No. 9

7. **Write about the economies of risk and uncertainty.**

*Ans :*  
Refer Unit-I, Q.No. 12

1. Explain different types of demand.

*Ans :*

Refer Unit-II, Q.No. 5

2. Explain the factors determining demand.

*Ans :*

Refer Unit-II, Q.No. 7

3. Define law of Demand. What are the assumptions of law of demand ?

*Ans :*

Refer Unit-II, Q.No. 8

4. Explain the exceptions law of demand.

*Ans :*

Refer Unit-II, Q.No. 9

5. What is price elasticity of demand ? Explain different types of price elasticity of Demand.

*Ans :*

Refer Unit-II, Q.No. 14

6. Define Income elasticity of demand.

*Ans :*

Refer Unit-II, Q.No. 17

7. Explain the various methods of Demand Forecasting.

*Ans :*

Refer Unit-II, Q.No. 25

7. Define market. Explain the features of market.

*Ans :*

Refer Unit-III, Q.No. 27

8. How price is determined under perfect competition?

*Ans :*

Refer Unit-III, Q.No. 32

### UNIT - IV

1. Explain different kinds of working capital.

*Ans :*

Refer Unit-IV, Q.No. 2

2. Explain the Significance of Working Capital.

*Ans :*

Refer Unit-IV, Q.No. 3

3. Explain the factors determining the Working Capital requirements.

*Ans :*

Refer Unit-IV, Q.No. 5

4. Explain the various sources of capital.

*Ans :*

Refer Unit-IV, Q.No. 7

5. Explain the Importance of Capital Budgeting.

*Ans :*

Refer Unit-IV, Q.No. 9

6. What are the different techniques of Capital Budgeting ?

Ans :  
Refer Unit-IV, Q.No. 10

7. Define Net Present Value. Explain advantages and disadvantages of NPV.

Ans :  
Refer Unit-IV, Q.No. 13

8. What is Internal Rate of Return? How is it calculated? State the merits and demerits of Internal Rate of Return.

Ans :  
Refer Unit-IV, Q.No. 14

### UNIT - V

1. What are the Functions of Accounting ?

Ans :  
Refer Unit-V, Q.No. 2

2. Explain the Importance of accounting.

Ans :  
Refer Unit-V, Q.No. 3

3. What are the objectives of accounting ?

Ans :  
Refer Unit-V, Q.No. 4

4. What do you understand by double entry system? Discuss its features.

Ans :  
Refer Unit-V, Q.No. 7

5. **What is journal ? Explain the objectives of journal ?**

*Ans :*

Refer Unit-V, Q.No. 11

6. **Define ledger. Explain the advantages of ledger.**

*Ans :*

Refer Unit-V, Q.No. 13

7. **Define Subsidiary Books. Explain the reasons for maintaining Subsidiary Books.**

*Ans :*

Refer Unit-V, Q.No. 16

8. **What do you understand by Bank Reconciliation Statement ?**

*Ans :*

Refer Unit-V, Q.No. 27

# FACULTY OF INFORMATICS

M.C.A. I Year I Semester Examination

Model Paper - I

## MANAGERIAL ECONOMICS AND ACCOUNTANCY

Time : 3 Hours]

Max. Marks : 70

Answer all the questions according to the internal choice

Max. Marks (5 × 14 = 70)

### ANSWERS

1. What is Managerial Economics ? Explain the nature of managerial economics.

OR

2. What do you understand by marginalism ?

3. Define law of Demand ? What are the assumptions of law of demand.

OR

4. Explain the various methods of Demand Forecasting.

5. (a) Define isoquant. Explain how isoquants are used to represent a production function with two variable inputs.

- (b) Explain briefly about price-output determination under monopoly in the short-run market.

OR

6. (a) "Firm plans in long run and operate in short-run". Explain.

- (b) Explain briefly about Break Even Analysis.

7. (a) Explain the meaning of working capital.

- (a) Explain different kinds of working capital.

OR

8. Calculate NPV for the given project.

Year	0	1	2	3	4	5
(A) Cash flows	200	35	80	90	75	20
(B) Cash flows	200	18	10	10	40	35

The company anticipates the cost of capital of 12%. Rank the project according to it ?

(Unit-IV, Prob.6)

(a) What is journal? Explain the objectives of journal.

(Unit-V, Q.No.11)

(b) What do you understand by double entry system? Discuss its features.

(Unit-V, Q.No.7)

OR

The following is the Trial Balance of M/s XYZ agencies as on 31<sup>st</sup> March, 1998.  
Prepare Trading and Profit & Loss A/c for the year ended 31-3-1998 and a Balance Sheet as on that date;

Particulars	Dr. (₹)	Cr. (₹)
Capital	-	1,00,000
Drawings	18,000	-
Buildings	15,000	-
Furniture & Fittings	7,500	-
Motor Van	25,000	-
Loan from Hari @ 12% interest	-	15,000
Interest paid on above	900	-
Sales	-	1,00,000
Purchases	75,000	-
Opening stock	25,000	-
Establishment Expenses	15,000	-85
Wages	2,000	-
Insurance	1,000	-
Commission received	-	4,500
Sundry Debtors	28,100	-
Bank balance	20,000	-
Sundry Creditors	-	10,000
Interest	-	3,000
	2,32,500	2,32,500



## Adjustments

- (a) The value of stock on 31.03.1998 was ₹ 32,000
- (b) Outstanding Wages ₹ 500
- (c) Prepaid Insurance ₹ 300
- (d) Commission received in advance ₹ 1300
- (e) Allow Interest on Capital @ 10%
- (f) Depreciate Buildings @ 5%, Furniture & Fittings @ 10% & Motor van @ 10%
- (g) Charge Interest on Drawings ₹ 500.

(Unit-V, Prob.21)

**FACULTY OF INFORMATICS**

**M.C.A. I Year I Semester Examination**

**Model Paper - II**

**MANAGERIAL ECONOMICS AND ACCOUNTANCY**

Max. Marks 70

Answer all the questions according to the internal choice

**Max. Marks (5 × 14 = 70)**

**ANSWERS**

1. Define opportunity cost. Explain the importance of opportunity cost.

(Unit-I, Q.No.9)

OR

2. Explain the scope of managerial economics.

(Unit-I, Q.No.2)

3. What is price elasticity of demand? Explain different types of price elasticity of Demand?

(Unit-II, Q.No.14)

OR

4. Explain the factors determining demand.

(Unit-II, Q.No.7)

5. The sales turn over and profit of a company during two-years was as follows.

	Sales (in Rs.)	Profit (Rs.)
1991	1,50,000	20,000
1992	1,70,000	25,000

You are required to calculate (a) P/V Ratio (b) Break even point (c) sales required to earn a profit of Rs. 40,000 (d) the profit made when sales are Rs. 2,50,000 (e) margin of safety at a profit of Rs. 50,000 (f) variable costs of two-periods.

(Unit-III, Prob.3)

OR

6. (a) What is Perfect Competition Market? Explain the characteristics of Perfect Competition Market.

(Unit-III, Q.No.31)

(b) How price is determined under perfect competition?

(Unit-III, Q.No.31)

7. (a) Define Profitability Index. How is it calculated? State the merits and demerits of Profitability Index.

(Unit-IV, Q.No.16)

(b) Define Payback Period. What are the advantages and disadvantages of Payback Period?

(Unit-IV, Q.No.11)

OR

8. Determine the working required to finance a level of activity of 1,80,000 units of output for a year. The cost structure is as under :

Particulars	Cost per unit (Rs.)
Raw Materials	20
Direct Labour	5
Overheads (including depreciation of Rs. 5)	15
Total cost	<u>40</u>
Profit	10
Selling Price	<u>50</u>

Additional Information :

- Minimum desired cash balance is Rs. 20,000
  - Raw materials are held in stock, on an average, for 2 months
  - Work-in-progress (assume 50 per cent completion stage) will approximate to half-a-month production
  - Finished goods remain in warehouse, on an average for a month
  - Suppliers for materials extend a month's credit and debtors are provided 2 months credit. The cash sales are 25 per cent of total sales
  - There is a time lag in payment of wages for a month and half-a-month in the case of overheads.
9. (a) What are the Functions of Accounting. (Unit-IV, Prob.2)  
 (b) Define Subsidiary Books. Explain the reasons for maintaining Subsidiary Books. (Unit-V, Q.No.2)
- OR
10. You are given Trading and Profit & Loss Account of Mahesh Company limited for the year ended 31st December 1992. (Unit-V, Q.No.16)

### Trading and Profit & Loss Account

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Opening Stock	30,000	By Net Sales	1,10,000
To Purchases	60,000	By Closing Stock	20,000
To Wages	10,000		
To Gross Profit (c/d)	30,000		
1,30,000		1,30,000	

To Administrative Expenses	10,000	By Gross Profit (b/d)	30,000
To Selling & Distribution Expenses	5,000	By Sundry Receipt	5,000
To Net Profit	20,000		
	35,000		35,000

Calculate

1. Gross Profit Ratio
2. Net Profit Ratio
3. Operating Ratio
4. Operating Profit Ratio

(Unit-V, Prob.23)

**FACULTY OF INFORMATICS****M.C.A. I Year I Semester Examination****Model Paper - III****MANAGERIAL ECONOMICS AND ACCOUNTANCY**

Time 3 Hours]

*Answer all the questions according to the internal choice*

Max. Marks

**Max. Marks (5 × 14 = 70)**

1. How Managerial Economics is useful to engineers ?

OR

2. (a) Write about the economies of risk and uncertainty.

(b) Explain the concept of profit.

3. What are the differences between Income elasticity of demand and cross elasticity of demand ?

OR

4. (a) What do you understand by law of supply? Explain the assumptions and exceptions of law of supply.

(b) Explain the concept of Equilibrium price.

5. (a) What are the three different stages of law of variable proportions ?

(b) Define production function ?

OR

6. From the following data, calculate

a) BEP Expressed in amount of sale in rupees.

b) No. of units that must be sold to earn a profit of Rs. 60,000 per year.

Sale price Rs. 20 per unit

Variable manufacturing cost Rs. 11 per unit

Variable selling costs Rs. 3 per unit

Fixed factory over head Rs. 5,40,000 per year

Fixed selling cost Rs. 2,52,000 per year.

**ANSWERS**

(Unit-I, Q.No.5)

(Unit-I, Q.No.12)

(Unit-I, Q.No.13)

(Unit-II, Q.No.20)

(Unit-II, Q.No.30)

(Unit-II, Q.No.31)

(Unit-III, Q.No.5)

(Unit-III, Q.No.1)

(Unit-III, Prob.2)

- (a) Explain the factors determining the Working Capital requirements? (Unit-IV, Q.No.5)
- (b) Explain the proforma of working capital. (Unit-IV, Q.No.6)
- Phoenix Company is considering two mutually exclusive investments. Project P and Project Q. The expected cash flows of these projects in millions of rupees are as follows,

Year	Project P	Project Q
0	(1000)	(1600)
1	(1000)	200
2	(500)	400
3	(250)	600
4	2000	800
5	4000	200

- (a) What is the IRR for each project?
- (b) Which project would you choose if the cost of capital is (i) 10%? (ii) 20%? (Unit-IV, Prob.8)
- (a) What is Ratio Analysis? What are the objectives of ratio analysis? (Unit-V, Q.No.43)
- (b) What are the Limitations of Ratio Analysis? (Unit-V, Q.No.44)

OR

10. Make out the Three Column Cash Book of Ram from the following particulars :

2015

April

- 1 Cash in Hand ₹ 3,000
- 1 Bank Overdraft ₹ 4,500
- 2 Paid Salaries ₹ 2,500
- 3 Purchased goods for Cash ₹ 3,000
- 4 Cash Sales of ₹ 16,000
- 5 Issued cheque in favour of Krishna (Discount Received ₹ 300) ₹ 2,600
- 6 Received cash from Dhawan (Discount Allowed ₹ 150) ₹ 2350

- 7 Received cheque from Ali Bro (in Full settlement and their debt ₹ 2000)  
₹ 1900
- 8 Purchased Furniture ₹ 1,500
- 9 Cash sent to Bank ₹ 2,000
- 10 Cheque of Ali Bro. dishonoured
- 11 Bank Charges ₹ 20
- 12 Rent paid by cheque ₹ 1000.

**FACULTY OF INFORMATICS**

M.C.A (CBCS) I - Semester Examination

August - 2021

**MANAGERIAL ECONOMICS & ACCOUNTANCY**

Time : 2 Hours

[Max Marks]

**PART - A - (4 × 17<sup>1/2</sup> = 70 Marks)****Note :** Answer any four Questions.

1. (a) Tell about the nature of managerial economics in business.  
(b) Write a note on profits and case study method
2. (a) State the Fundamental concepts of managerial economics in decision making.  
(b) Distinguish between Risk and Uncertainty.
3. What is Law of Demand ? Explain with the help of a diagram and also its exceptions.
4. (a) Explain the methods of measuring elasticity of demand.  
(b) What is the significance of income and price elasticity of demand?
5. Explain how price and output is determined under perfect competition both in the short run and Long run.
6. Why do the Short-Run Cost curve is U-shaped? Explain with suitable diagram.
7. A project involves initial outlay of Rs.1,80,000. Its working life is expected to be 4 years. The cash inflows are likely to be as follows:

Year	Cash inflows (Rs.)
1	1,64,000
2	2,56,000
3	3,24,000
4	3,60,000

Compute the IRR.

8. What are the determinants of working capital ? Explain.
9. From the following trial balance of Sharan, prepare trading and profit and loss account for the year ending 31<sup>st</sup> December, 2017 and balance sheet as on that date. The closing stock on 31<sup>st</sup>, December, 2017 was valued at Rs. 2,50,000.



**PREVIOUS QUESTION PAPERS**

Debit Balance	Rs.	Credit Balances	Rs.
Stock (1-1-2017)	2,00,000	Sundry Creditors	12,000
Purchases	7,50,000	Purchases returns	30,000
Carriage Inwards	75,000	Sales	10,20,000
Wages	3,65,000	Commission received	53,000
Salaries	1,20,000	Capital	33,00,000
Repairs	12,000		
Rent and Taxes	2,80,000		
Cash in Hand	97,000		
Land	21,50,000		
Drawings	1,66,000		
Bank Deposits	2,00,000		
	<b>44,15,000</b>		<b>44,15,000</b>

10. What are subsidiary books? Explain with formats and suitable example.