

A 1401

B.E./B.Tech. DEGREE EXAMINATION, MAY/JUNE 2007.

Sixth Semester

Computer Science and Engineering

MG 325 — ENGINEERING ECONOMICS AND FINANCIAL ACCOUNTING

(Common to Electronics and Communication Engineering and Bio Medical Engineering)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. Define elasticity of demand.
2. What do you mean by contribution?
3. What is an Industry?
4. What is Market Power?
5. What is Deflation?
6. What do you mean by LPG?
7. What is a Pay Back Period?
8. Define 'Debenture'.
9. What is an account?
10. What is Liquidity?

PART B — (5 × 16 = 80 marks)

11. (a) (i) Define the term demand. State and explain the factors that determine demand for a product. (8)
- (ii) State and explain the different types of elasticity of demand. (8)

Or

- (b) (i) Explain the concept of Break Even Analysis and also discuss its merits and demerits. (8)
- (ii) From the following information relating to TCS Ltd., you are required to find out (1) P.V Ratio (2) Break Even Point (3) Profit (4) Margin of safety.

Total fixed costs Rs. 4,500

Total variable cost Rs. 7,500

Total sales Rs. 15,000. (8)

12. (a) (i) What do you understand by Monopoly? Explain the features of monopoly. (10)
- (ii) Differentiate between perfect competition and monopoly. (6)

Or

- (b) (i) What is merger? What are the different types of mergers? (8)
- (ii) Explain the advantages and disadvantages of merger. (8)

13. (a) (i) Define Inflation. Explain the causes for inflation. (8)
- (ii) What is unemployment? State and explain the reasons for unemployment. (8)

Or

- (b) (i) Explain the following :
- (1) GNP
- (2) NNP
- (3) GDP
- (4) NDP. (8)
- (ii) What are commercial banks? Explain its functions. (8)

14. (a)

(b)

15. (a)

(b)

14. (a) (i) Explain the sources of finance both long term and short term available for a company. (8)
- (ii) Explain the following : (8)
- (1) Accounting rate of return method.
- (2) Net Present Value Method.

Or

- (b) (i) What is Capital Budgeting? Examine its importance. (8)
- (ii) Project X initially costs Rs. 25,000. It generates the following cash flows :

Year Cash Inflows Present Value of Rs. 1 at 10%

	Rs.	
1	9,000	0.909
2	8,000	0.826
3	7,000	0.751
4	6,000	0.683
5	5,000	0.621

Taking the cut off rate as 10%. Suggest whether the project should be accepted or not. (8)

15. (a) What are accounting ratios? State and explain any three kinds of ratios. (8)

Or

- (b) From the following trial balance of 3.Tech. Ltd., Prepare Trading Account and Profit and Loss A/C all for the year ending 31st March 2007 also prepare a Balance Sheet as on that date.

Trial Balance as on March 31, 2007

Debit Balance (Dr)	Rs.	Credit Balances (Cr)	Rs.
Electricity	14,000	Interest	16,000
Land	1,40,000	Discount	6,000
Interest	16,000	Sales	8,00,000
Wages	50,000	Returns	10,000

Debit Balance (Dr)	Rs.	Credit Balances (Cr)	Rs.
Opening Stock	20,000	Sundry Creditors	60,000
Rent	24,000	Capital	3,02,000
Purchases	3,00,000	Bills Payable	15,000
Office Expenses	30,000		
Building	4,00,000		
Salaries	90,000		
Power gas and water	30,000		
Returns	20,000		
Furniture	15,000		
Sundry Debtors	60,000		
	<u>12,09,000</u>		<u>12,09,000</u>

Adjustments :

- | | | |
|--|-----|----|
| (i) Outstanding salaries Rs., 10,000 | 1. | D |
| (ii) Closing stock Rs. 80,000 | 2. | G |
| (iii) Depreciate Buildings @ 10 cent per annum | 3. | E |
| (iv) Interest received in advance Rs. 2,000 | 4. | W |
| (v) Write of Bad Debts Rs. 10,000. | 5. | W |
| | 6. | W |
| | 7. | E |
| | 8. | W |
| | 9. | W |
| | 10. | W |
| | 11. | (a |

(16)