B.E./B.Tech. DEGREE EXAMINATION, NOVEMBER/DECEMBER 2005.

Sixth Semester

Bio-Medical Engineering

MG 325 — ENGINEERING ECONOMICS AND FINANCIAL ACCOUNTING

(Common to Computer Science and Engineering, Electronics and Communication Engineering)

Time : Three hours   Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1.   Define law of demand.

2.   What is break even point?

3.   What is market structure?

4.   Give two examples of recent merger in banking sector.

5.   Define the term 'banking'.

6.   What is LPG?

7.   Define project appraisal.

8.   What is a debenture? State any two types.

9.   What are accounting ratios?

10.   What is liquidity?

11. (i) Following are the ratios of trading activities of a company :

   Debtors' velocity   3 months

   Stock velocity   8 months

   Creditors' velocity   2 months

   Gross profit ratio   25%

   Gross profit for the year ended 31st December 2003 amounts to Rs. 4,00,000. Closing stock of the year is Rs. 10,000 above the opening stock. Bills receivable amount to Rs. 25,000 and bills payable to Rs. 10,000. Find out (1) Sales (2) Sundry debtors (3) Closing stock and (4) Sundry creditors. (6)

   (ii) The following balances are extracted from the books of M/s Chaitanya & Co. on 31st December 2003. You are required to prepare trading and profit and loss account for the year ended and a Balance Sheet as at that data :

	Rs.		Rs.
Capital	7,160	Rent and taxes	440
Creditors	7,860	Commission (Cr.)	160
Bills payable	1,200	Return inwards	520
Sales	20,000	Stationery	180
Carriage outward	580	Interest on capital	280
Commission (Dr.)	320	Stock on Jan. 1, 2003	400
Carriage inward	320	Bills receivable	1,800
Wages	1,120	Sundry debtors	12,000
Purchases	15,600	Trade expenses	80
Insurance	440	Office furniture	400
Return outwards	200	Cash in hand	200
Cash at bank	1,900		

   The closing stock was valued at Rs. 10,000. (10)

12. (a) Define demand. What factors determine demand? Define demand function. Explain the different kinds of demand elasticities. (2 + 6 + 2 + 6)

Or

   (b) Classify and describe different types of costs with an example for each (any Eight). (8 × 2 = 16)

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13. (a) What charactersitics are used to classify market structures? Explain briefly the distinction between the different types of markets. (4 + 12)

Or

(b) Discuss the different manufacturing practices in detail. (16)

14. (a) Describe the various methods of measuring national income. (16)

Or

(b) Describe the hurdles and prospects of globalisation of Indian business. (10 + 6)

15. (a) A limited company is considering investing in a project requiring a capital outlay of Rs. 2,00,000. Forecast for annual income after depreciation but before tax is as follows :

Year	1	2	3	4	5
Rs.	1,00,000	1,00,000	80,000	80,000	40,000

Depreciation may be taken as 20% on original cost and taxation at 50% of net income. You are required to evaluate the project according to each of the following methods.

(i) Pay-back method

(ii) Rate of return on original investment method

(iii) Rate of return on average investment method

(iv) NPV method

(v) Benefit cost ratio and

(vi) Internal rate of return method. (16)

Or

(b) Describe the various sources of long and short term finance. (16)

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