

ANNA UNIVERSITY :: CHENNAI – 600 025

MODEL QUESTION PAPER

VI SEMESTER

B.E. CSE / ECE

MG325 – ENGINEERING ECONOMICS AND FINANCIAL ACCOUNTING

Time: Three Hours

Maximum: 100 Marks

Answer All The Questions

PART A – (10 x 2 = 20 Marks)

1. Define law of demand?
2. What is opportunity cost?
3. Define market power
4. What do you mean by merger?
5. Define inflation
6. What is LPG?
7. Define Financial Management?
8. What is meant by cost / benefit analysis
9. List the types of financial statements.
10. What is a Ledger.

PART B - (5 x 16 = 80 Marks)

- 11.i) Explain the nature and scope of engineering economics. (6)
- ii)a) Explain the term “Break – Even Analysis” and discuss its usefulness.
- b) A firm purchases ball bearing at Rs.12. Its monthly requirement is 1000 units. If it decides to make its fixed cost would be Rs.18,000 and variable costs Rs.5 per unit. What is your advice? (10)
- 12.a)i) Why the long run cost curve is “U” shaped? Explain. (8)
- ii) Differentiate the following with suitable examples (8)
- (a) Firm and Industry (b) Market conduct and market performance

(OR)

12.b)i) Explain the features of monopoly market. How the price is fixed in monopoly market. (8)

ii) Explain the types of diversification with suitable examples. (8)

13.a)i) Explain the methods of measurement of national Income (8)

ii) What are the reasons for unemployment? How can we control unemployment? (8)

(OR)

13.b)i) What are the functions of Central bank? (8)

ii) Critically evaluate the process of liberalization in India in the global scenario. (8)

14.a)i) What are the functions of a Finance Manager? (8)

ii) Explain in detail about the objectives and scope of Financial Management. (8)

OR

14.b)i) What is capital budgeting? Explain the importance of capital budgeting. (8)

ii) Each of the following projects requires a cash outlay of Rs.10,000. You are required to suggest which project should be accepted if the standard pay-back period is 5 years. (8)

Year	Project X	Project Y	Project Z
1	Rs. 2,500	Rs. 4,000	Rs. 1,000
2	2,500	3,000	2,000
3	2,500	2,000	3,000
4	2,500	1,000	4,000
5	2,500	-	-

15.a) From the following balances of Ms. Priya. Prepare Profit and Loss A/c for the year ending 31st August, 2000. (16)

	Rs.
Salaries	22,000
Printing	300
Insurance	600
Rent	1,200
Discount Allowed	200
Interest	600
Repairs	200

Advertisement	1,400
Office Lighting	250
Traveling Expenses	300
Postage	350
Sales Tax	500
Stationary	400
Gross Profit	5,000
Sundry Expenses	200

(OR)

15.a)i) What is ratio analysis? Explain the profitability ratios in detail. **(8)**

ii) From the following balance sheet prepare. **(8)**

(a) a Schedule of Changes in Working Capital

(b) a Funds Flow Statement.

Liabilities	31 st December		Assets	31 st December	
	1985	1986		1985	1986
Share Capital	Rs.10,000	Rs.15,000	Cash	Rs.5,000	Rs.8,000
Profit & Loss Appropriation A/C	5,000	8,000	Debtors	10,000	15,000
General Reserve	4,000	6,000	Stock	10,000	12,000
Sundry Creditors	8,000	12,000	Machinery	3,000	5,000
Bills Payable	5,000	3,000	Land	4,000	4,000
	32,000	44,000		32,000	44,000
