R10

SET - 1

II B. Tech II Semester Supplementary Examinations May/June - 2015
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Com. to CE, MM)

Time: 3 hours

Max. Marks: 75

Answer any **FIVE** Questions
All Questions carry **Equal** Marks
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1. a) Define Managerial Economics and explain its characteristics.
    b) What is demand? And explain law of demand and its exceptions. (7M+8M)

2. a) Define Elasticity of demand and its types and significance.
    b) Describe any four methods of demand forecasting. (7M+8M)

3. a) Explain the salient features of Cobb-Douglas Production Function.
    b) Describe the importance and limitations of Break-even analysis. (7M+8M)

4. a) Explain salient the features of perfect competition and monopoly.
    b) Describe the conditions of Oligopoly and Kinked demand curve. (7M+8M)

5. Explain Importance of pricing policies and describe any five methods of pricing. (15M)

6. a) Describe the salient features of private limited company.
    b) Explain the phases and features of business cycles. (7M+8M)

7. a) Explain the importance of ratio analysis and objectives of solvency ratio.
   b) The following trial balance was drawn from the books of Zig-Zag Traders: (5M+10M)

   Trail Balance

Debit	Rs.	Credit	Rs.
Building	60,000	Capital	73,600
Machinery	17,000	Fixtures	5,600
Returns outward	2,600	Sales	1,04,000
Bad debts	2,800	Debtors	60,000
Cash	400	Interest received	2,600
Discount received	3,000		
Bank Overdraft	10,000		
Creditors	50,000		
Purchases	1,00,000		
	2,45,800		2,45,800

   Even through the debit and credit sides agree, the trial balance contains mistakes. Redraft the Trial Balance.

8. a) Explain the meaning and need for capital budgeting.
   b) Find out the IRR of the following investment proposal.   (5M+10M)
   Initial Investment Rs. 70,000
   Expected annual cash inflow Rs. 24,000
   Economic life of the project 4 years
   Present value of annuity of Re. 1 for 4 years.
   @ 10% 3.170, 12% 3.037, @ 14% 2.914, @ 16% 2.798.

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1. a) Explain the basic economic tools using in Managerial Economics.
    b) What is demand? And explain law of demand and its limitation.   (7M+8M)

2. a) Define Elasticity of demand and explain its types and measurement of Price
       Elasticity of demand.
    b) What is demand forecasting? And explain any three methods of demand
       Forecasting.   (7M+8M)

3. a) Explain the law of diminishing returns.
    b) A factory manufacturing sewing machines has the capacity to produce 500   (5M+10M)
       Machines per year. The marginal (variable) cost of each machine is Rs.200 and
       Each machine is sold for Rs.250. Fixed overheads are Rs.12,000 per year.
       Calculate the break-even points for output and sales and show what profit will
       Result if output is 90% of capacity?

4. a) Explain the salient features Monopoly and monopolistic competition
    b) Describe any four methods of Pricing.   (7M+8M)

5. a) Explain the salient features of Partnership.
    b) Describe the meaning and salient features of business cycles   (7M+8M)

6. a) Explain the importance financial accounting and list out the differences
       Between Journal and Ledger.
    b) What is double-entry system? And explain the limitations of financial   (7M+8M)
       Statements.

1 of 2

7. a) What is a ratio? And explain briefly different types of ratios.

   b) From the following Balance Sheet of XYZ Co. Ltd., calculate   (8M+7M)
      liquidity ratios.

   Balance Sheet of XYZ Co. Ltd.

   as on 31.12.20XX

   (Rs .in thousand)

Liabilities	Rs.	Assets	Rs.
Preference share capital	100	Land and Buildings	225
Equity share capital	150	Plant and Machinery	250
General reserve	250	Furniture and Fixtures	100
Debentures	400	Stock	250
Creditors	200	Debtors	125
Bills payable	50	Cash at Bank	250
Outstanding expenses	50	Cash in hand	125
Profit and loss account	100	Prepaid expenses	50
Bank Loan			
(Long-term)	200	Marketable securities	125
	1500		1500

8. a) Explain the meaning and importance of capital building.

   b) Two projects, costing Rs 20,000 each, have the following cash inflows. Both   (7M+8M)
      Have the same payback period. Which one do you choose and why?
      Same total cash inflows with a difference in size and timing.

   (Figures in Rupees)

Year	Project A	Project B
I	8,000	12,000
II	12,000	8,000
III	10,000	12,000
IV	9,000	7,000
V	7,000	7,000
Total	46,000	46,000

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SET - 3

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Time: 3 hours   Max. Marks: 75

Answer any **FIVE** Questions
All Questions carry **Equal** Marks
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1. a) Define Managerial Economics and its characteristics.
    b) What is demand? And explain the law of demand and its limitations.   (7M+8M)

2. a) Define elasticity of demand and explain any two methods of measurement of
        Elasticity of demand.
    b) Explain the significance demand forecasting and describe any three methods   (7M+8M)
        of demand forecasting.

3. a) Describe the law of returns to scale.
    b) Explain the significance, usefulness and limitations of Break-even analysis.   (7M+8M)

4. a) What is a market? And explain the salient features perfect competition.
    b) What is monopoly? And explain the price and output determination monopoly.   (7M+8M)

5.   Describe any five methods of pricing.   (15M)

6. a) Briefly explain the salient features of Private and Public limited companies.
    b) What is business cycle? And explain the phase and features of business cycles.   (7M+8M)

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7. a) Explain the limitations of financial statements.

    b) From the following Trial Balance and adjustments of Swaraj Emporium,　　　(5M+10M)
       Prepare trading and profit and loss account for the year ended
       December, 31, 2013 and a Balance Sheet as on that date.

	Rs.	Rs.
Sundry debtors	64,000	
Stock (1.1.2013)	44,000	
Cash in hand	70	
Plant and machinery	35,000	
Sundry creditors		21,300
Trade expenses	2,150	
Sales		2,69,000
Salaries	4,450	
Carriage outwards	800	
Rent	1800	
Bills payable		15,000
purchases	2,37,740	
Discounts	2,200	
Business premises	69,000	
Capital (1.1.2013)		1,59,000
Cash at bank	3090	
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	4,64,300	4,64,300

Adjustments:

The stock as on December 31,2013 was Rs. 24,900.
Rent was unpaid to the extent of Rs. 170.
Outstanding trade expenses were Rs. 300.
Write off for bad debts Rs. 800.
Provide 5% for doubtful debts.
Depreciate plant and machinery @ 10% per annum.
Business premises are to be depreciated by 2% per annum.

8. a) What is ratio analysis? And briefly explain the salient features of different ratio analysis.

    b) Explain the meaning of capital Budgeting and briefly describe the different methods of
       Capitalbudgeting.　　　　　　　　　　　　　　　　　　　　　　　　(7M+8M)

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1. a) Describe the importance of managerial Economics and explain the basic economic tools
        Used in Managerial Economics.
    b) Describe the demand analysis? And the salient features and limitations of demand law.
                                                                                                                            (7M+8M)
2. a) Define elasticity of demand. And explain different methods of price elasticity of demand.
    b) Explain the importance of demand forecasting. And describe different methods of demand
       Forecasting.   (7M+8M)

3. a) Explain the salient features of Cobb-Douglas production function.
    b) Describe the significance, assumptions and limitations of Break- even analysis.
                                                                                                                            (7M+8M)
4. a) Explain the conditions of perfect competition and monopoly.
    b) Explain the importance of pricing policy and describe any three methods of pricing.
                                                                                                                            (7M+8M)
5. a)What is business? And explain the salient features of partnership.
       b) Define business cycle and explain phases and features of business cycle.   (7M+8M)

6. a) Explain the salient features Journal and ledger and their differences.
    b) Explain the significance of trial balance and limitations of financial statements.   (7M+8M)

7.   a)What is ratio analysis? And briefly explain the salient features of different ratio analysis.
     b) Calculate the funds from operations from the following particulars.   (7M+8M)

	March31, 2013	March 31, 2014
	Rs.	Rs.
Profit and loss account	7,50,000	10,50,000
General reserve	5,00,000	6,00,000
Goodwill	30,000	20,000
Patents	25,000	15,000
Preliminary expenses	10,000	----
Provision for depreciation account	30,000	40,000
Funds flow statement		

8. a)What is the meaning of capital budgeting? And explain its need for capital decisions.
    b) Explain the various methods of capital budgeting and their advantages.   (7M+8M)