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II B. Tech I Semester Supplementary Examinations, June - 2015
MANAGERIAL ECONIMICS AND FINANCIAL ANALYSIS
(Com. to ME, ECE, CSE, IT, ECC, MTE)

Time: 3 hours   Max. Marks: 70

Note: 1. Question Paper consists of two parts (**Part-A** and **Part-B**)
2. Answer **ALL** the question in **Part-A**
3. Answer any **THREE** Questions from **Part-B**

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PART –A

1	a)	What is demand? And explain the types of demand.	3M
	b)	Explain Cobb-Douglas Production function.	4M
	c)	What is Oligopoly market? And significance of kinked demand curve.	4M
	d)	Explain the salient features and types of partnership.	4M
	e)	Describe the importance of ratio analysis.	4M
	f)	Explain the meaning of capital.	3M

PART –B

2	a)	Define managerial economics and explain its relation with other subjects.	8M
	b)	Explain the importance of demand forecasting and describe any two methods of demand forecasting.	8M
3	a)	Describe the salient features of law of variable propositions.	8M
	b)	Explain any four concepts of costs.	8M
4	a)	Explain the conditions of perfect competition and how the price and output determined in the short-run?	8M
	b)	Describe the importance of pricing and write any two methods of pricing.	8M
5	a)	What is business? And explain the merits and demerits of Joint-Stock Companies.	8M
	b)	Explain the causes and consequences of business cycles.	8M

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6   a)   Explain the limitations of ratio analysis.   6M

     b)   The following is an extract of a balance sheet of a company during the last year.

         Compute current ratio and quick ratio. Also interpret the ratios.   10M

	(Rs.)
Land and buildings	50,000
Plant and machinery	1,00,000
Furniture and fixtures	25,000
Closing stock	25,000
Sundry debtors	12,500
Wages prepaid	2,500
Sundry creditors	8,000
Rent outstanding	2,000

7   a)   What is capitalization? And explain the need for capital budgeting.   8M

     b)   Briefly explain the techniques of capital budgeting.   8M

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PART –A

1	a)	Explain the law of demand and types of demand.	4M
	b)	Describe the salient features of Isoquants.	3M
	c)	Explain the conditions of monopoly.	4M
	d)	Describe the merits and demerits of sole trader.	4M
	e)	Explain the double entry system.	4M
	f)	What is Capitalization?	3M

PART –B

2	a)	Define managerial economics and explain its scope.	8M
	b)	What is elasticity of demand? And explain its types and measurement.	8M
3	a)	Explain the importance production function and describe the salient features of Cobb-Douglas production function.	8M
	b)	Describe the importance of Break-even analysis and Break-even point.	8M
4	a)	Explain the conditions of perfect competition and monopolistic competition.	8M
	b)	Describe any three methods of pricing.	8M
5	a)	Explain the salient features of private limited and public limited companies.	8M
	b)	What is the meaning of business cycles? And explain different phases of business cycles.	8M

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6   a)   Explain the importance of funds flows and cash flow statements.   6M

      b)   The following is an extract of a balance sheet of a company during the last year.   10M
           Compute current ratio and quick ratio. Also interpret the ratios.

	(Rs.)
Land and buildings	1,50,000
Plant and machinery	3,00,000
Furniture and fixtures	1,25,000
Closing stock	25,000
Sundry debtors	62,500
Wages prepaid	7,500
Sundry creditors	18,000
Rent outstanding	12,000

7   a)   Briefly explain the traditional methods of capital budgeting.   8M

      b)   Briefly describe the modern methods of capital budgeting.   8M

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PART –A

1   a)   Define Managerial Economics.   3M

     b)   Isoquants Vs. Iso costs.   4M

     c)   Salient features of Oligopoly and kinked demand curve.   4M

     d)   Merits and demerits of partnership.   4M

     e)   Importance of ratio analysis.   4M

     f)   Explain the need for capital budgeting.   3M

PART –B

2   a)   What is demand? And explain the law of demand and its exceptions.   8M

     b)   Explain the significance of demand forecasting and describe any two methods of demand forecasting.   8M

3   a)   Explain the law of variable proportions.   8M

     b)   Describe any three cost concepts.   8M

4   a)   Explain the conditions of monopoly and how the price and output determined in the monopoly?   8M

     b)   Explain any three methods of pricing.   8M

5   a)   Describe the salient features, merits and demerits of public enterprises.   8M

     b)   Explain the meaning and phases of business cycles.   8M

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6 a) Explain the limitations of financial analysis.   4M

   b) Calculate Funds from operations from the following Profit and Loss Account.   12M

Dr.   Cr.

	(Rs.)		(Rs.)
To salaries	2,50,000	By gross profit	9,00,000
To printing and stationery	20,000	By gain on sale of	1,20,000
To postage and telegrams	20,000	land	
To telephone charges	25,000		
To auditor's fee	20,000		
To other expenses	95,000		
To depreciation	1,40,000		
To loss on sale of furniture	8,000		
To discount	2,000		
To good will	40,000		
To trademarks	10,000		
To net profit	3,90,000		
	10,20,000		10,20,000

7 a) What is capitalization? And briefly explain the traditional methods capital budgeting.   8M

   b) Describe the modern methods of capital budgeting.   8M

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PART –A

1	a)	Explain the scope of Managerial Economics.	3M
	b)	Explicit Vs. Implicit costs.	4M
	c)	Oligopoly and kinked demand curve.	4M
	d)	Salient features of partnership.	4M
	e)	Significance of ratio analysis.	4M
	f)	Explain the need for capital budgeting.	3M

PART –B

2	a)	What is elasticity of demand? And explain its types and measurement.	10M
	b)	Explain any two methods of demand forecasting.	6M
3	a)	Describe the importance of Break-even analysis and Break-even pint.	8M
	b)	Briefly explain the salient features of law of variable propositions.	8M
4	a)	Describe the conditions and price-out-put determination in perfect completion.	10M
	b)	Explain any two methods of pricing.	6M
5	a)	Explain the salient features, merits and demerits of private and public limited companies.	10M
	b)	Describe the phases of business cycle.	6M

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6   a)   Explain the objectives of funds flows statement.   4M

    b)   Calculate the funds from operations from the following profit and loss account for the year ending 30.9.2013.

Dr.   Cr.

	(Rs)		(Rs)
To salaries	50,000	By gross profit	6,00,000
To rent	30,000	By profit on sale of	
To postage and telegrams	20,000	buildings	50,000
To printing and stationery	30,000		
To telephone charges	30,000		
To audit fee	20,000		
To law charges	25,000		
To interest	5,000		
To bad debts	2,000		
To provision for bad debts	3,000		
To preliminary expenses written off	20,000		
To goodwill written off	30,000		
To provision for Tax	40,000		
To proposed dividend	60,000		
To general reserve	1,00,000		
To loss on sale of furniture	10,000		
To net profit	1,75,000		
	6,50,000		6,50,000

12M

7   a)   Explain the traditional methods of capital budgeting.   8M

    b)   Describe the modern methods of capital budgeting.   8M

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