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SET - 1

II B. Tech I Semester Supplementary Examinations, Jan - 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) Write a brief note about Macro Economics
    b) What is Isoquants
    c) What is an Optimum costs
    d) Explain the Margin of safety
    e) Distinguish between Public Company Vs Private Company
    f) Explain the Phases of trade cycle
    g) What is Accounting Cycle?
    h) Write about accounting rate of return   (3M+2M+3M+3M+3M+3M+3M+2M)

PART – B

2. a) Define Managerial economics and explain its nature and scope.
    b) Define the law of demand. What are its exceptions? Explain   (8M+8M)

3. a) Discuss the economies of scale that accrue to a firm.
    b) How do you determine BEP. Show graphical presentation of BEA.   (8M+8M)

4. a) Differentiate between Perfect and Imperfect markets.
    b) Explain Price-Output determination in Monopolistic competition.   (7M+9M)

5. a) Evaluate Sole trader form of organisation.
    b) Explain the Innovations theory of business cycles.   (7M+9M)

6. a) Journalise the following transactions.

2003 Jan.1	ABC firm commenced business with Rs.40,000
Jan.2	Deposited into bank Rs.30,000
Jan.3	Bought goods worth Rs.48,000 from Kamala
Jan.4	Sold goods worth Rs.60,000

    b) Define Ratio? Explain its limitations   (9M+7M)

7. a) A project costs Rs.1,44,000. The average annual cash inflows are likely to be Rs.45,000 for a period of 5 years. Calculate the IRR for the project.
    b) Explain why capital budgeting is necessary.   (9M+7M)

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PART – A

1. a) Economics as a science of wealth: Discuss
   b) How to calculate Demand forecasting in case of new products
   c) Explain the Cobb-Douglas production function
   d) Define the Long-run average cost curve
   e) What are the objectives of pricing?
   f) Write about Partnership deed
   g) What is Current Ratio?
   h) Explain the Internal rate of return   (3M+3M+3M+2M+3M+2M+3M+3M)

PART – B

2. a) What is Demand function? How do you determine it?
   b) What do you understand by elasticity of Demand? Explain the factors governing it.
                  (8M+8M)

3. a) Explain the laws of returns with appropriate examples.
   b) Explain how Cost-Output relationship helps the entrepreneurs in expansion decisions.
                  (8M+8M)

4. a) Differentiate between Perfect competition and Monopoly.
   b) Explain any four methods of Pricing based on Strategy.   (7M+9M)

5. a) What do you understand by Joint Stock Company? Explain its features.
   b) Discuss the measures to control business cycles.   (9M+7M)

6. a) A firm sold goods worth Rs.5,00,000 and its gross profit is 20 percent of sales value. The inventory at the beginning of the year was Rs.16,000 and at end of the year was Rs.14,000. Compute Inventory Turnover ratio and also the Inventory holding period.
   b) Explain types of accounts and rules governing each account.   (9M+7M)

7. a) The cost of a project is Rs.50,000, the annual cash inflows for the next 4 years are Rs.25,000. What is the payback period for the project?
   b) Explain the significance of capital budgeting.   (9M+7M)

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PART – A

1. a) Define the Law of equi-marginal utility
    b) Explain Significance of advertising elasticity of demand
    c) What is Diseconomies of scale?
    d) Write about Angle of Incidence
    e) What is Penetration Pricing?
    f) Explain the Prosperity or Full employment
    g) What is Trial Balance?
    h) Describe the Profitability Index   (3M+3M+3M+2M+2M+3M+3M+3M)

PART – B

2. a) Explain how do you measure elasticity of demand.
    b) Explain different methods of demand forecasting.   (7M+9M)

3. a) Define Production function? How can a producer find it useful?
    b) Explain the features of short-run average cost curve and long-run average cost curve.
                                                        (8M+8M)

4. a) Discuss the factors those influence price decisions.
    b) Explain Williamson's Managerial Discretionary theory.   (8M+8M)

5. a) Discuss the problems faced by the Public enterprises in India.
    b) Explain the Modern theory of Trade cycles.   (8M+8M)

6. a) Prepare ledger posting for the following transactions.
        2003 Jan.5   Paid rent Rs.4,000
             Jan.6   Sold goods worth Rs.50,000 to Suresh
             Jan.7   Bought goods from Devi Rs.14,000
             Jan.8   Paid salaries Rs.1,000
    b) Differentiate between cash flow and funds flow statements.   (8M+8M)

7. a) Discuss different kinds of capital budgeting decisions.
    b) A project costs Rs.25,000 and is expected to generate cash inflows as.

Year	Cash inflows	PV factor @12%
1	10,000	0.893
2	8,000	0.797
3	9,000	0.712
4	6,000	0.636
5	7,000	0.567

    Compute the NPV of the project.   (7M+9M)

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PART – A

1. a) Explain the Features of Robbins definition of economics

   b) What is Income Elasticity?

   c) Explain the Law of increasing returns

   d) What is Contribution?

   e) Write about Oligopoly

   f) Define the Articles of Association

   g) Explain the Debt-equity ratio

   h) Describe the Capital rationing   (3M+3M+3M+2M+2M+3M+3M+3M)

PART – B

2. a) Explain how managerial economics is linked with other academic disciplines.

   b) Describe how point elasticity is more focussed than arc elasticity.   (8M+8M)

3. a) Explain how short-run and long-run influence the costs.

   b) A company makes a single product with a sales price of Rs.10 and a variable cost of Rs.6

      per unit, fixed costs are Rs.60,000. Calculate i) Number of units to break even ii) Sales at

      break even.   (7M+9M)

4. a) Explain the Marris managerial theory of firm growth maximisation model.

   b) Explain how price determination under monopoly in the long-run.   (8M+8M)

5. a) Enumerate the merits and demerits of Partnership firm.

   b) What is a business cycle? Describe the different phases of business cycles along with

      examples.   (8M+8M)

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6. a) Calculate Net profit ratio from the following data.

     Sales returns Rs.1,00,000   Administration expenses Rs.10,000

     Gross profit Rs.40,000   Selling expenses Rs.10,000

     Income from Investment Rs.5,000   Loss on account of fire Rs.3,000

     b) Explain different accounting concepts and accounting conventions.   (9M+7M)

7. a) Explain the nature of capital budgeting.

     b) Radhika enterprises ltd is contemplating the purchase of a machine. Two machines A and B

       are available each at Rs.2,50,000.

       Net Cash Inflows (Amt. in Rs.)

Year	Machine A	Machine B
1	75,000	25,000
2	1,00,000	50,000
3	1,25,000	1,00,000
4	75,000	1,50,000
5	50,000	1,00,000

     Calculate Net Present Value Method @10%.   (7M+9M)

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