

II B. Tech I Semester Regular/Supplementary Examinations, Oct/Nov - 2016
MANAGERIAL ECONOMICS 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**

PART -A

1. a) Limitations of Law of Demand (4M)
- b) Properties of Iso-Quants(Iso-Product) Curves (4M)
- c) Features of Monopoly Competitions (3M)
- d) Features of Business Organization (4M)
- e) Dual Aspect Concept of Double Entry Book Keeping (3M)
- f) Features of Capital Budgeting Decisions (4M)

PART -B

2. a) What are the nature, characteristics, importance & scope of managerial economics? (8M)
- b) What is the importance of price elasticity and illustrate different models of price elasticity with suitable formulas and graphs? (8M)

3. a) What is law of variable proportions and identify the behavior of total physical product curve, average physical product curve and marginal physical product curve? (8M)
- b) Determine P/V Ratio %, Fixed Cost and BEP with the help of following Information: (8M)

Description	2014-15	2015-16
Sales(Rs.)	200000	1000000
Profits(Rs.)	25000	225000

4. a) Determine price & output for both firm & industry in both short run period and long run period under perfect competition? (8M)
- b) What are the different managerial theories of Firm? (8M)

5. a) Differentiate Private and Public Limited Companies in their features & merits? (8M)
- b) What is the importance of Business Cycle and what are the different phases of Business Cycles? (8M)

6. a) List out various Accounting Concepts and Conventions and illustrate any six of them? (8M)
- b) What is a Ratio, what are the different types ratios that prevail to assess the performance of various companies? (8M)

7. a) Differentiate traditional & DCF Techniques of capital budgeting techniques (8M)
- b) Determine Pay Back Period for the following projects: (8M)

Year	Initial Cost	Rs. In Lakhs					
		2011	2012	2013	2014	2015	2015
Project-X	25.00	5.00	7.50	8.50	6.00	5.00	
Project-Y	30.00	7.00	8.00	6.50	9.00	4.50	



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PART -A

1. a) Factors Influencing Law of Demand (4M)
- b) Producers Equilibrium (3M)
- c) Features of Monopolistic Competitions (3M)
- d) Features of Partnership (4M)
- e) Debit and Credit Governing Rules for Real & Personal Accounts (4M)
- f) Merits of Pay Back Period (4M)

PART -B

2. a) What are the nature, characteristics, importance & scope of managerial economics? (8M)
 - b) Illustrate income, advertisement, cross and price elasticities with suitable formulas and graphs? (8M)
 3. a) What is producer's equilibrium and identify the behavior of Iso-product and Iso-Cost curves? (8M)
 - b) Determine P/V Ratio %, Fixed Cost and BEP with the help of following (8M)
- Information:
- | Description | 2014-15 | 2015-16 |
|--------------|---------|---------|
| Sales(Rs.) | 500000 | 2000000 |
| Profits(Rs.) | 100000 | 600000 |
4. a) Determine price & output for both firm & industry in both short run period and long run period under monopoly competition? (8M)
 - b) What are the objectives, situations, methods of pricing? (8M)

5. a) What are the features, merits and demerits of cooperative society? (8M)
 b) What are the different phases of Business Cycles, how these concepts are correlated for industrial development? (8M)

6. a) Identify the recording process of Journal Entry in a systematic manner? (8M)

Date	Description	Amount Rs.
01-07-2016	Business Commenced with a cash	5,00,000
02-07-2016	Deposited in Lokesh Bank Ltd	3,00,000
05-07-2016	Goods Purchased from Heritage Ltd.	25,00,000
10-07-2016	Sold Goods to Brahmani Ltd.	45,00,000
15-07-2016	Salaries & Rent Paid	3,00,000
21-07-2016	Received a Bank Cheque From Brahmani Ltd	30,00,000
30-07-2016	Paid to Heritage Ltd.	20,00,000
31-07-2016	Paid Office Expenses	1,00,000

- b) Compute Current Ratio and Quick Ratio. If Cash is Rs.1.50 Lakhs, ST Investments are Rs.2.50 Lakhs, Bank is Rs.8.50 Lakhs, Debtors is Rs.5.50 Lakhs, Creditors is Rs.3.50 Lakhs, Outstanding Expenses are Rs.2.50 Lakhs, Bills Receivables are Rs.5.50 Lakhs, Stock is Rs.8.00 Lakhs and Bills Payables are Rs.6.50 Lakhs,?

7. a) Differentiate Accounting Rate of Return(ARR) and Internal Rate of Return(IRR) techniques of capital budgeting? (8M)

- b) Determine Accounting Rate of Return for the following projects, assuming that the company follow straight line method of depreciation: (8M)

		Rs. In Lakhs					
Year	Initial Cost	2011	2012	2013	2014	2015	Scrap
Project-X	25.00	5.00	7.50	8.50	6.00	5.00	1.00
Project-Y	30.00	7.00	8.00	6.50	9.00	4.50	2.50

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PART-A

1. a) Characteristics of Managerial Economics (4M)
- b) Determine BEP if Fixed Cost is Rs.10.00 Lakhs, Contribution Margin Per Unit is Rs.20/- (4M)
- c) Features of Perfect Competitions (3M)
- d) Features of Public Sector Undertakings (4M)
- e) Find Inventory Turnover Ratio & Velocity if Sales is 20.00 Lakhs, Opening Stock is Rs. 3.00 Lakhs, Closing Stock is Rs. 5.00 Lakhs and Number of Days in a Year is 365. (4M)
- f) Demerits of Accounting Rate of Return (3M)

PART-B

2. a) What are the properties of demand curve and also identify different factors influencing demand? (8M)
- b) What are the objectives, types and methods of demand forecasting? (8M)
3. a) What are sources, reasons and types internal and external economies of scale ? (8M)
- b) Determine P/V Ratio %, Fixed Cost and BEP with the help of following (8M)

Information:

Description	2014-15	2015-16
Sales(Rs.)	1000000	4000000
Profits(Rs.)	200000	1200000

4. a) Determine price & output for both firm & industry in both short run period and long run period under monopolistic competition? (8M)
- b) What are the theories and methods of pricing? (8M)

5. a) What are the features, merits and demerits of Partnership form of business organization? (8M)
- b) What are the different phases of Business Cycles, identify recent trends of business cycles in Indian and its impact on industry? (8M)
6. a) Identify the recording process of Journal Entry in a systematic manner? (8M)

Date	Description	Amount Rs.
01-07-2016	Business Commenced with a cash	10,00,000
03-07-2016	Deposited in Bhuvanewari Bank Ltd	8,00,000
08-07-2016	Goods Purchased from Hindu Heritage Ltd.	50,00,000
12-07-2016	Sold Goods to Amaravathi Infra Ltd.	75,00,000
18-07-2016	Salaries & Rent Paid through bank	8,00,000
25-07-2016	Received a Bank Cheque From Amaravathi Infra Ltd	30,00,000
28-07-2016	Paid to Hindu Heritage Ltd.	25,00,000
31-07-2016	Paid Office Expenses through bank	5,00,000

- b) Compute Current Ratio and Quick Ratio. If Cash is Rs.3.50 Lakhs, ST Investments are Rs.6.50 Lakhs, Bank is Rs.5.50 Lakhs, Debtors is Rs.7.50 Lakhs, Creditors is Rs.4.50 Lakhs, Outstanding Expenses are Rs.1.50 Lakhs, Bills Receivables are Rs.2.50 Lakhs, Stock is Rs.6.00 Lakhs and Bills Payables are Rs.8.50 Lakhs,? (8M)
7. a) Differentiate Net Present Value Methods, Profitability Index Method and Internal Rate of Return(IRR) technique of capital budgeting? (8M)
- b) Determine NPV & Profitability Index for the following project: (8M)

Year	Initial Cost	Rs. In Lakhs					
		2011	2012	2013	2014	2015	Scrap
Project-Y	30.00	7.00	8.00	6.50	9.00	4.50	2.50
PV @ 10%	1.000	0.909	0.826	0.751	0.682	0.621	0.621



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PART -A

1. a) Determine Price Elasticity with an Increase & Decrease by 20% if original Price is Rs.50/- and Quantity Demanded is 1000 Units (4M)
- b) Determine BEP if Fixed Cost is Rs.15.00 Lakhs, Contribution Ratio is 33.33% (3M)
- c) Differentiate Monopoly and Monopolistic Competitions (4M)
- d) Differentiate Private Limited and Public Limited Companies (3M)
- e) Find Debtors Turnover Ratio & Velocity if Sales is 20.00 Lakhs, Opening Balance of Debtors is Rs. 3.00 Lakhs, Closing Balance of Debtors is Rs. 5.00 Lakhs and Number of Days in a Year is 365. (4M)
- f) Steps in Working Capital Estimation (4M)

PART -B

2. a) What are the properties of demand curve and also identify different factors influencing demand? (8M)
- b) What are the objectives, types and methods of demand forecasting? (8M)
3. a) What are sources, reasons and types internal and external economies of scale ? (8M)
- b) Determine Margin of Safety for two periods and BEP with the help of following Information: (8M)

Description	2014-15	2015-16
Sales(Rs.)	2000000	8000000
Profits(Rs.)	500000	2000000

4. a) Differentiate very short period, short period, and long period markets? How price & output determined for increasing costs, constant costs and decreasing costs to industry? (8M)
- b) What are the different methods of pricing? How strategic pricing different from cost based pricing? (8M)
5. a) Compare features, merits and demerits of Departmental Undertakings to that of Public Corporations? (8M)
- b) How Business Cycles help market analysts to forecast new product development? (8M)

6. a) Identify the recording process of Journal Entry in a systematic manner? (8M)

Date	Description	Amount Rs.
01-07-2016	Business Commenced with a cash	5,00,000
05-07-2016	Deposited in Bhuvanewari Bank Ltd	3,00,000
09-07-2016	Goods Purchased from Hindu Heritage Ltd.	25,00,000
14-07-2016	Sold Goods to Amar Infra Ltd.	50,00,000
19-07-2016	Salaries & Rent Paid through bank	6,00,000
23-07-2016	Received a Cheque From Amar Infra Ltd	40,00,000
29-07-2016	Paid to Hindu Heritage Ltd.	20,00,000
30-07-2016	Draw Cash for Office Expenses	5,00,000

- b) Compute Inventory Turnover Ratio & Velocity and Debtors Turnover Ratio & Velocity, assuming there are 360 days in a year. (8M)

Description	Rs. In Lakhs
Opening Balance of Debtors	7.50
Closing Balance of Debtors	4.50
Opening Balance of Bills Receivables	2.50
Closing Balance of Bills Receivables	1.50
Sales(60% Credit)	80.00
Opening Balance of Stock	4.00
Closing Balance of Stock	8.00
Gross Profit	25%

7. a) What is the nature & process of Capital Budgeting Decisions and what are its limitations? (8M)

- b) Determine Internal Rate of Return(IRR) for the following project: (8M)

Year	Initial Cost	Rs. In Lakhs					
		2011	2012	2013	2014	2015	Scrap
Project-Y	30.00	7.00	8.00	6.50	9.00	4.50	2.50
PV @ 14%	1.000	0.877	0.769	0.675	0.592	0.5197	3.25
