

**II B.Tech I Semester(R05) Supplementary Examinations, May/June 2010**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
**(Civil Engineering)**

Time: 3 hours

Max Marks: 80

**Answer any FIVE Questions**  
**All Questions carry equal marks**  
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1. Managerial Economics is the application of Economic Theory to business management. Discuss. [16]
2. What is meant by Elasticity of demand. How is it useful for a managerial economist in decision making? [16]
3. Define production function. How is it helpful while taking output decisions? [16]
4. (a) Discuss the basic components in a market structure.  
 (b) What is the criteria for market classification.  
 (c) Can government interfere in the commodity markets? [4+6+6]
5. State the procedure involved in forming a Joint stock company. [16]
6. (a) What is the importance of Capital budgeting?  
 (b) How do the discounting models differ from non-discounting models? [6+10]
7. From the following trial balance taken from the books of Bhagawan as on 31st March 2006, prepare Trading Account, Profit and Loss Account and Balance Sheet. [16]

	Dr.	Cr.
Drawings and capital	7,200	60,000
Opening stock	20,500	
Purchases and sales	68,000	
Carriage outwards	1,500	
Debtors and Creditors	23,500	
Cash	3,900	
Salaries	25,300	
Bills payable		4,200
Insurance	11,200	
Machinery	30,000	
Wages	21,500	
Commission received		1,000
General expenses	6,900	
Packing expenses	500	

- (a) Closing stock was valued at Rs.40,000
- (b) Provide depreciation on machinery at 5%.
8. (a) From the following information, calculate [16]
  - i. Debt Equity ratio
  - ii. Current ratio

	Rs.		Rs.
Debentures	1,40,000	Bank balance	30,000
Long term loans	70,000	Sundry Debtors	70,000
General reserve	40,000		
Creditors	66,000		
Bills payable	14,000		
Share capital	1,20,000		

- (b) Calculate Interest Coverage ratio from the following information.

	Rs.
Net profit after deducting interest and taxes	6,00,000
12% Debentures of the face value of	15,00,000
Amount provided towards taxation	1,20,000