Code: 9AHS401

B.Tech IV Year I Semester (R09) Regular & Supplementary Examinations December 2015
MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS
(Common to CSE, IT & CSS)

Time: 3 hours   Max. Marks: 70

Answer any FIVE questions
All questions carry equal marks
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1   Define managerial economics. Elaborate the importance of managerial economics in decision making?

2   Write short notes on:
(a)   Survey methods.
(b)   Statistical methods of forecasting demand.

3   A Company makes a single product with a sales price of Rs.20 and a variable cost of Rs.12 per unit. Fixed costs are Rs.1,20,000. Calculate:
(a)   Number of units to Break-even.
(b)   Sales at breakeven point.
(c)   Contribution to sales ratio (in terms of percentage).
(d)   What number of units will need to be sold to achieve a profit of Rs.20,000?
(e)   What level of sales will achieve a profit of Rs.60,000?
(f)   Given an decrease in variable cost by 5% per unit, and increase in the fixed cost by Rs.20,000 per annum, what will be the new BEP in units?

4   What is perfect competition? How is market price determined under conditions of perfect competition?

5 (a) What are the different types of business organizations?
  (b) What are the differences between proprietary and partnership business organizations?

6 (a) What are the limitations of accounting rate of returns?
  (b) How is profitability index of a project calculated? What are its advantages?

7   Explain the following concepts and illustrate their treatment with imaginary data:
(a)   Depreciation.
(b)   Prepaid expenses.
(c)   Reserve for bad and doubtful debts.
(d)   Income received in advance.

8   From the information given below, calculate Inventory Turnover ratio and Receivables Turnover ratio.

	Amount in Lakhs (Rs.)
Sales(100% credit)	42.00
Opening stock	6.00
Closing stock	7.00
Sales returns	3.00
Opening balance of sundry debtors	6.00
Closing balance of sundry debtors	4.00
Opening balance of Bills receivable	3.00
Closing balance of Bills receivable	5.00
Gross profit = 30% of shares	

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