

B.Tech III Year I Semester (R13) Supplementary Examinations June 2017

**MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS**

(Common to CSE and EEE)

Time: 3 hours

Max. Marks: 70

**PART – A**  
(Compulsory Question)

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1 Answer the following: (10 X 02 = 20 Marks)

- What is Giffen paradox?
- Define cross elasticity of demand.
- Differentiate between implicit and explicit cost.
- Define external economies of scale.
- Write the features of oligopoly.
- What is partnership deed?
- Define working capital.
- What is time value of money?
- Why do we prepare trading account?
- List various types of financial statements.

**PART – B**

(Answer all five units, 5 X 10 = 50 Marks)

**UNIT – I**

2 Explain the nature of problem studies in managerial economics. What is the importance of the study of such problems in business management?

**OR**

3 What is meant by Elasticity of demand? How do you measure it?

**UNIT – II**

4 The PV ratio of Matrix books Ltd, is 40% and the margin of safety is 30% you are required to work out the BEP and Net profit, if the sales volume is Rs 14,000.

**OR**

5 Define production function. Differentiate between Isocosts and Isoquants.

**UNIT – III**

6 What is a market? Explain, in brief, the different market structures.

**OR**

7 Define a joint stock company & explain its basic features, advantages & disadvantages.

**UNIT – IV**

8 What is the importance of capital budgeting? Explain the basic steps involved in evaluating capital budgeting proposals.

**OR**

9 XYZ company is considering the purchase of two machines A and B each costing Rs: 50,000/-. Earnings after taxes are expected to be as under:

Year	1	2	3	4	5
Machine A	5,000	15,000	20,000	30,000	20,000
Machine B	15,000	20,000	25,000	15,000	10,000

Estimate the two alternatives according to: (i) ARR method. (ii) NPV method a discount rate of 10%.

**UNIT – V**

10 Give a brief account on the important records of Accounting under Double entry system and discuss briefly the scope of each.

**OR**

11 Explain how ratios are used in the interpretation of financial statements and in financial analysis.

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