

Code No: 07A5HS01

**R07****Set No. 2****III B.Tech I Semester Examinations, November 2010****MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS****Common to CE, ME, MEP, BT, AME, ICE, E.COMPE, MMT, ETM, ECE****Time: 3 hours****Max Marks: 80****Answer any FIVE Questions****All Questions carry equal marks**

\*\*\*\*\*

1. What do you understand by public enterprise? Explain the need for public enterprise in India. [16]
2. Who are the users of financial statements of a business unit and explain how differently they interpret the financial data? [16]
3. Journalise the following transactions with narration: [16]

2002		
March 1	X brought capital into the Business	20,000
March 3	Purchased Furniture for cash	4,000
March 5	Purchase of goods	15,000
March 10	Purchase of goods from M	10,000
March 15	Sold goods to N	8,000
March 20	Cash sales	10,000
March 22	Cash paid to M	10,000
March 31	Salaries paid	2,000

4. The proposals in respect of the following two projects are to be examined using:
  - (a) Payback method
  - (b) ARR method.

Initial investment for each project is Rs. 20,000 estimated cash flows: [16]

Year	Proposal I (Rs.)	Proposal II (Rs.)
1	12,500	11,750
2	12,500	12,250
3	12,500	12,500
4	12,500	13,500

5. Explain with illustrations, the distinction between the following
  - (a) Fixed Cost
  - (b) Variable Cost
  - (c) acquisition cost and opportunity cost. [16]
6. Compare the results of perfect competition and monopoly in respect of price, output and profits. [16]

Code No: 07A5HS01

**R07**

**Set No. 2**

7. What are the major areas of business decision making? How does economic theory contribute to managerial decisions? [16]
8. Define and distinguish between
- (a) Arc elasticity and point elasticity
  - (b) Price elasticity and Cross-elasticity
  - (c) Income elasticity and price elasticity [16]

\*\*\*\*\*

FIRSTRANKER

Code No: 07A5HS01

**R07****Set No. 4**

III B.Tech I Semester Examinations, November 2010

**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

Common to CE, ME, MEP, BT, AME, ICE, E.COMPE, MMT, ETM, ECE

Time: 3 hours

Max Marks: 80

Answer any FIVE Questions

All Questions carry equal marks

\*\*\*\*\*

1. Prepare a Trail Balance from the following data for the year 2008: [16]

Particulars	Rs.	Particulars	Rs.
Free hold property	10,800	Discount received	150
Capital	40,000	Returns inward	1,590
Return outwards	2,520	Office expenses	5,100
Sales	80,410	Bad debts	1,310
Purchases	67,350	Carriages outwards	1,590
Depreciation of furniture	1,200	Salaries	1,450
Insurance	3,300	Book debts	4,950
Stock (1,1,2008)	14,360	Book debts	11,070
Creditors for expenses	400	Cash at bank	2,610
Creditors	4,700		

2. How does the analysis of demand contribute to business decision making? [16]

3. A company has two proposals each costing Rs.9 Lakhs. The details of the cash inflows are as follows:

Year	Project 1	Project2
1	3,00,000	6,00,000
2	500,000	4,00,000
3	6,00,000	3,00,000
4	2,00,000	2,00,000

The cost of capital is 10% per year. Which one will you choose under NPV method. [16]

4. What are general considerations of Pricing policy? Describe the factors which help price forecasting. [16]
5. What do you understand by Elasticity of Demand? What are the factors on which elasticity depends? [16]
6. The following information relates to Disco Electricals for the year ending 31st December, 2001.

Equity capital (80,000 shares @Rs.20 each)	Rs. 16,00,000
10% pref. Share Capital @Rs.20 each	Rs. 6,00,000
Profit after Tax @ 10%	Rs. 5,40,000
Depreciation	Rs. 1,20,000
Equity dividend paid at 20% market price per equity Share	Rs. 80

Code No: 07A5HS01

R07

Set No. 4

Determine:

- (a) Dividend yield on equity share
  - (b) Earnings per share
  - (c) Price - Earnings ratio. [16]
7. (a) Critically evaluate the LPG policies. [16]
- (b) Explain the measures of liberalization. [16]
8. Show the effects of change in input prices on the isocost line. How is the optimum combination of inputs affected if
- (a) Price of only one input decreases and
  - (b) Prices of both the inputs decreases proportionately? [16]

\*\*\*\*\*

Code No: 07A5HS01

**R07**

**Set No. 1**

**III B.Tech I Semester Examinations, November 2010**

**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

**Common to CE, ME, MEP, BT, AME, ICE, E.COMPE, MMT, ETM, ECE**

**Time: 3 hours**

**Max Marks: 80**

**Answer any FIVE Questions**

**All Questions carry equal marks**

\*\*\*\*\*

1. What is meant by pricing policy? Explain the utility of cost-plus pricing. [16]
2. Discuss briefly different cost concepts relevant to managerial decision making. [16]
3. Write debit, credit principles with examples. [16]
4. What is a budget line? What is its role in the determination of consumer's equilibrium? [16]
5. (a) What is Capital budgeting? Why it is necessary?  
(b) Explain the methods of capital budgeting? [16]
6. What should be the proper approach to demand forecasting? Discuss the criteria for desirable forecasting procedures. [16]
7. Explain the concept of 'Liquidity' and narrate its importance through suitable examples with some assumed data. [16]
8. (a) What are the different kinds of companies?  
(b) Explain the formations of joint stock company. [16]

\*\*\*\*\*

Code No: 07A5HS01

**R07****Set No. 3**

III B.Tech I Semester Examinations, November 2010

**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

Common to CE, ME, MEP, BT, AME, ICE, E.COMPE, MMT, ETM, ECE

Time: 3 hours

Max Marks: 80

Answer any FIVE Questions

All Questions carry equal marks

\*\*\*\*\*

1. What are the laws of variable proportions? Explain the three laws of production. [16]
2. Journalise the following transactions: [16]

2002		
Jan. 1	Gopal started his business with the capital	10,000
Jan. 1	Furniture Rs.3,000 and stock	2,000
Jan. 5	Deposited in Andhra Bank	8,000
Jan. 10	Goods purchased from Hari	7,000
Jan. 15	Goods sold to Srinivas on cash	6,500
Jan. 17	Goods returned to Hari	400
Jan. 20	Commission Received	800
Jan. 30	Salaries Paid	5,000

3. Define the concept of capital budgeting and explain its nature, scope and significance. [16]
4. Managerial Economics is economics applied to decision-making-Explain. [16]
5. What do you understand by cooperative societies? Discuss the features, advantages & limitations of cooperative societies. [16]
6. Following is the balance sheet of ABC Company as on 31.12.2008

Liabilities	Rs.	Assets	Rs.
Equity Share capital	20,000	Fixed assets	28,000
Capital Reserve	10,000	Goodwill	12,000
8% loan on mortgage	16,000	Debtors	6,000
Trade creditors	8,000	Stock	6,000
Bank Overdraft	6,000	Cash in hand	6,000
		Investments	2,000
	60,000		60,000

Sales amounted to Rs.1,20,000. Calculate ratios for

- (a) Testing Liquidity, and
  - (b) Solvency of the company. [16]
7. "No monopolist will ever fix the output of his product at any level where the elasticity of his average revenue curve is less than one". Discuss. [16]

Code No: 07A5HS01

**R07**

**Set No. 3**

8. Distinguish between elastic and inelastic demand with suitable examples. What are the factors which determine the elasticity of demand for a commodity? [16]

\*\*\*\*\*

FIRSTRANKER