

Code No: RR220201

RR

Set No. 2

II B.Tech II Semester Examinations, December 2010
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
 Common to BME, IT, MECT, E.CONT.E, EIE, CSE, ECE, CSSE, EEE
 Time: 3 hours Max Marks: 80

Answer any FIVE Questions
 All Questions carry equal marks

1. What is meant by Elasticity of demand? What are the factors governing the potential demand for a product as either Elastic or Inelastic? [16]
2. Define 'Accounting rate of return' and 'Pay back period method'? Compare and contrast the two. Illustrate with assumed data. [16]
3. Write short notes on the following:
 - (a) Firm and Industry
 - (b) Cobb-Dongles production function
 - (c) Concept of period in production. [4+8+4]
4. (a) What are different tests of profitability for an investment?
 (b) The following is an extract of balance sheet of a company during the last year. Compute current ratio and quick ratio. Also interpret the ratios.

| | Rs. |
|------------------------|----------|
| Land and Buildings | 1,50,000 |
| Plant and machinery | 3,00,000 |
| Furniture and fixtures | 1,25,000 |
| Closing stock | 25,000 |
| Sundry debtors | 62,500 |
| Wages prepaid | 7,500 |
| Sundry creditors | 18,000 |
| Rent outstanding | 12,000. |

[16]

5. From the following trial balance taken from the books of Saravanan, prepare Trading and Profit & loss A/C for the year ending 31st March 2004 and balance sheet as on that date :

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| | Dr, Rs. | Cr Rs. |
|-----------------------|----------|----------|
| Drawings and Capital | 12,000 | 80,000 |
| Opening Stock | 12,000 | |
| Investments | 30,600 | |
| Salaries | 12,000 | |
| Carriage | 3,000 | |
| Returns | 6,000 | 2,600 |
| Loans | 2,400 | 10,000 |
| Purchases and Sales | 1,20,400 | 1,60,000 |
| Debtors and Creditors | 60,000 | 25,000 |
| Discounts allowed | 2,200 | |
| Cash | 16,400 | |
| Wages | 28,000 | |
| Bank over draft | | 27,000 |
| | 3,04,600 | 3,04,600 |

Adjustments:

1. Closing stock was valued at Rs 1,50,000
 2. Salaries were outstanding by Rs. 3,000.
 3. Depreciate investment @ 10%. [16]
6. Write short notes on
- (a) super normal profit
 - (b) Bilateral monopoly
 - (c) product differentiation
 - (d) Trade discrimination. [4+4+4+4]
7. The selling price of a product was Rs.200 per unit against its variable cost of Rs.100 per unit. The total fixed costs were Rs 2,00,000. Calculate the effect of a reduction in price 40/-
- (a) P/V ratio
 - (b) break even quantity and
 - (c) margin of safety if 4,000 units were produced and sold. [5+5+6]
8. Evaluate the Government Company form of public enterprise. [16]

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Adjustments:

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4. Write short notes on the following:

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- (a) Firm and Industry
 (b) Cobb-Dongles production function
 (c) Concept of period in production. [4+8+4]

5. What is meant by Elasticity of demand? What are the factors governing the potential demand for a product as either Elastic or Inelastic? [16]

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[16]

7. Write short notes on

- (a) super normal profit
 (b) Bilateral monopoly
 (c) product differentiation
 (d) Trade discrimination.

[4+4+4+4]

8. Evaluate the Government Company form of public enterprise. [16]

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Set No. 1

5. Write short notes on the following:

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- (c) Concept of period in production. [4+8+4]

6. The selling price of a product was Rs.200 per unit against its variable cost of Rs.100 per unit. The total fixed costs were Rs 2,00,000. Calculate the effect of a reduction in price 40/-

- (a) P/V ratio
- (b) break even quantity and
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7. Evaluate the Government Company form of public enterprise. [16]

- 8. (a) What are different tests of profitability for an investment?
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- [16]
3. Evaluate the Government Company form of public enterprise. [16]
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Set No. 3

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| Opening Stock | 12,000 | |
| Investments | 30,600 | |
| Salaries | 12,000 | |
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