

Code No: RR310106

RR

Set No. 2

III B.Tech I Semester Examinations, November 2010
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
Common to CE, ME, MEP, BT, MMT

Time: 3 hours

Max Marks: 80

Answer any FIVE Questions
 All Questions carry equal marks

1. Explain the role of time factor in the determinations of price. Also explain price output determination in case of perfect competition. [8+8]
2. Define 'Accounting rate of return' 'and Pay back period method'? Compare and contrast the two. Illustrate with assumed data. [16]
3. Explain briefly the following methods of forecasting demand.
 - (a) Barometric method
 - (b) Expert opinion method
 - (c) Time series analysis
 - (d) End user method [4×4]
4. How will you define economies of scale? Explain how increasing returns to scale work out in reality. [6+10]
5. The following are the extracts from the financial statements of Blue and Red Ltd., as on 31st March 2001 and 2002 respectively.

	<u>31 March 2001</u>	<u>31 March 2002</u>
	Rs.	Rs.
Stock	10,000	25,000
Debtors	20,000	20,000
Bills receivables	10,000	5,000
Cash in hand	18,000	15,000
Bills payable	15,000	20,000
bank overdraft	-	2,000
9% debentures	5,00,000	5,00,000
Sales for the year	3,50,000	3,00,000
Gross profit	70,000	50,000

Compute for both the years the following:

- (a) Current ratio
 - (b) Acid ratio
 - (c) Stock turnover ratio. Also interpret the results. [5+5+6]
6. Write a short notes on
- (a) Departmental undertaking

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- (b) Government company
- (c) Public corporation.

[5+6+5]

7. Write short notes on the following:

- (a) Explicit cost
- (b) Short run cost
- (c) Imputed cost
- (d) Variable cost.

[4+4+4+4]

8. State the nature of account (nominal, real and personal) and show which account will be debited and which account will be credited.

- (a) Rent received
- (b) Machinery purchased.
- (c) Discount received
- (d) interest Paid
- (e) Rent Paid
- (f) Commission received
- (g) Capital introduced
- (h) Buildings sold
- (i) Goods purchased
- (j) Goods sold.

[16]

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2. Explain briefly the following methods of forecasting demand.
 - (a) Barometric method
 - (b) Expert opinion method
 - (c) Time series analysis
 - (d) End user method [4×4]
3. Write short notes on the following:
 - (a) Explicit cost
 - (b) Short run cost
 - (c) Imputed cost
 - (d) Variable cost. [4+4+4+4]
4. Explain the role of time factor in the determinations of price. Also explain price output determination in case of perfect competition. [8+8]
5. Write a short notes on
 - (a) Departmental undertaking
 - (b) Government company
 - (c) Public corporation. [5+6+5]
6. Define 'Accounting rate of return' 'and Pay back period method'? Compare and contrast the two. Illustrate with assumed data. [16]
7. State the nature of account (nominal, real and personal) and show which account will be debited and which account will be credited.
 - (a) Rent received
 - (b) Machinery purchased.
 - (c) Discount received
 - (d) interest Paid
 - (e) Rent Paid

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- (f) Commission received
- (g) Capital introduced
- (h) Buildings sold
- (i) Goods purchased
- (j) Goods sold.

[16]

8. The following are the extracts from the financial statements of Blue and Red Ltd., as on 31st March 2001 and 2002 respectively.

	<u>31 March 2001</u>	<u>31 March 2002</u>
	Rs.	Rs.
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bank overdraft	-	2,000
9% debentures	5,00,000	5,00,000
Sales for the year	3,50,000	3,00,000
Gross profit	70,000	50,000

Compute for both the years the following:

- (a) Current ratio
- (b) Acid ratio
- (c) Stock turnover ratio. Also interpret the results.

[5+5+6]

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1. How will you define economies of scale? Explain how increasing returns to scale work out in reality. [6+10]
2. Write a short notes on
 - (a) Departmental undertaking
 - (b) Government company
 - (c) Public corporation. [5+6+5]
3. Write short notes on the following:
 - (a) Explicit cost
 - (b) Short run cost
 - (c) Imputed cost
 - (d) Variable cost. [4+4+4+4]
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Sales for the year	3,50,000	3,00,000
Gross profit	70,000	50,000

Compute for both the years the following:

- (a) Current ratio
- (b) Acid ratio

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- (c) Stock turnover ratio. Also interpret the results. [5+5+6]
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 - (e) Rent Paid
 - (f) Commission received
 - (g) Capital introduced
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 - (i) Goods purchased
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7. Define 'Accounting rate of return' 'and Pay back period method'? Compare and contrast the two. Illustrate with assumed data. [16]
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2. Write short notes on the following:
 - (a) Explicit cost
 - (b) Short run cost
 - (c) Imputed cost
 - (d) Variable cost. [4+4+4+4]
3. State the nature of account (nominal, real and personal) and show which account will be debited and which account will be credited. [16]
 - (a) Rent received
 - (b) Machinery purchased.
 - (c) Discount received
 - (d) interest Paid
 - (e) Rent Paid
 - (f) Commission received
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 - (h) Buildings sold
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