

Code No: R21022

**R10****SET - 1**

**II B. Tech I Semester Supplementary Examinations, Oct/Nov- 2017**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
(Com. to EEE, ME, ECE, EIE, CSE, IT, ECC, BME)

Time: 3 hours

Max. Marks: 75

Answer any **FIVE** Questions  
All Questions carry **Equal** Marks  
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1. a) Define Managerial Economics and discuss its characteristics and scope. (8M)  
b) What is Demand? What are the determinants of Demand? (7M)
2. a) Explain the kinds of Elasticity of demand that are relevant to the manager of a firm. (8M)  
b) Illustrate Survey based Demand forecasting method with appropriate examples. (7M)
3. a) Explain the concept of Cobb-Douglas Production function. (8M)  
b) What is Isoquant? Illustrate the types of isoquants with illustration. (7M)
4. a) Distinguish between Monopoly and Monopolistic competition. (8M)  
b) Explain Marginal cost pricing with an example. (7M)
5. a) Briefly explain the types of Public enterprises. (8M)  
b) Discuss the measures to solve the problems arising from Business cycles. (7M)

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6. Following is the Trial Balance of Ram Chandra on 31<sup>st</sup> March, 2014. Draw the final accounts from the balances there from (15M)

**TRIAL BALANCE**

**As on 31<sup>st</sup> March, 2014**

| <b>Particulars</b>                   | <b>Dr. (Rs.)</b> | <b>Cr. (Rs.)</b> |
|--------------------------------------|------------------|------------------|
| Capital                              |                  | 1,50,000         |
| Stock on 1 <sup>st</sup> April, 2013 | 30,000           |                  |
| Cash at Bank                         | 10,000           |                  |
| Cash in hand                         | 5,000            |                  |
| Machinery                            | 1,00,000         |                  |
| Furniture                            | 13,000           |                  |
| Purchases                            | 2,00,000         |                  |
| Wages                                | 50,000           |                  |
| Carriage Inwards                     | 33,000           |                  |
| Salaries                             | 70,000           |                  |
| Discount allowed                     | 4,000            |                  |
| Discount received                    |                  | 5,000            |
| Advertising                          | 50,000           |                  |
| Other expenses                       | 40,000           |                  |
| Sales                                |                  | 5,00,000         |
| Sundry debtors                       | 90,000           |                  |
| Sundry creditors                     |                  | 40,000           |
|                                      | <b>6,95,000</b>  | <b>6,95,000</b>  |

Value of closing stock as on 31<sup>st</sup> March 2014 was Rs. 50,000

7. Explain the merits and limitations of Ratio analysis, as a tool for interpretation of financial statements. (15M)
8. a) Define capital budgeting. Explain its importance. (8M)
- b) A project costs Rs. 5, 00,000 and yields annual cash inflow of Rs. 1, 00,000 for 9 years. Calculate its Payback period. (7M)