

Code No: RT31022

R13

SET - 1

III B. Tech I Semester Supplementary Examinations, May-2017

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Common to Electrical and Electronics Engineering, Auto Mobile Engineering and Mining Engineering)

Time: 3 hours

Max. Marks: 70

Note: 1. Question Paper consists of two parts (**Part-A** and **Part-B**)

2. Answering the question in **Part-A** is compulsory

3. Answer any **THREE** Questions from **Part-B**

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**PART -A**

- 1 Write about
  - a) Opportunity cost. [3M]
  - b) Cross elasticity of demand [4M]
  - c) Skimming pricing [4M]
  - d) Profit-Volume Ratio [4M]
  - e) Profitability index [4M]
  - f) Partnership. [3M]

**PART -B**

- 2 a) What do you mean by elasticity of demand? [4M]
- b) Explain the significance of elasticity of demand [4M]
- c) What are the different kinds of elasticity of demand that are relevant to the manager of a firm? [8M]
- 3 a) Define cost. [3M]
- b) Explain the different cost concepts used in the process of cost analysis. [8M]
- c) Discuss the economies of scale and its significance to a firm. [5M]
- 4 a) What is the importance of pricing in a business organization? [8M]
- b) Explain any four methods of pricing. [8M]
- 5 a) Explain the features of sole trader type of business organization. [8M]
- b) Explain the state/ public enterprises and their various forms. [8M]
- 6 a) What is an account? How would you classify different accounts maintained by a business enterprise? [8M]

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b) Journalise the following transactions in the books of Khanu and Co.

[8M]

| 2008  |                                   | (Rs)     |
|-------|-----------------------------------|----------|
| Jan 2 | Started the business with         | 8,00,000 |
| Jan 3 | Bought furniture for              | 1,20,000 |
| Jan 3 | Bought stationery for             | 5,000    |
| Jan 3 | Purchased goods for cash at       | 2,00,000 |
| Jan 3 | Sold goods for cash worth         | 50,000   |
| Jan 3 | Sold to R.Desai goods worth       | 1,00,000 |
| Jan 3 | Bought goods from Mundra Bros at  | 80,000   |
| Jan 3 | Paid office cleaning charges      | 1,500    |
| Jan 3 | Bought goods from Hari worth      | 1,00,000 |
| Jan 3 | Sold to Sharma and Co; good worth | 60,000   |
| Jan 3 | Received from R.Desai             | 50,000   |
| Jan 3 | Paid to Hari                      | 90,000   |
| Jan 3 | Bought typewriter for             | 80,000   |
| Jan 3 | Paid house rent of                | 7,500    |
| Jan 3 | Paid light charges of             | 5,000    |
| Jan 3 | Paid salary accounting to         | 50,000   |
| Jan 3 | Received commission to            | 15,000   |

7 a) What do you mean by capital budgeting? Explain its significance

[8M]

b) A company has two proposals for consideration (Y&Z). The cost of proposals in both the cases is Rs 5,00,000 each. A discount factor of 10% may be used to evaluate the proposals. The cash flows after taxes are as under.

[8M]

| Year | Proposal Y | Proposal Z |
|------|------------|------------|
| 1    | 1,50,000   | 60,000     |
| 2    | 2,20,000   | 1,50,000   |
| 3    | 2,40,000   | 2,00,000   |
| 4    | 1,80,000   | 2,50,000   |
| 5    | 1,50,000   | 3,00,000   |

Which proposal can be undertaken under NPV?

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