

Code No: RT22014

R13**SET - 1**

II B. Tech II Semester Regular Examinations, April/May – 2016
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
 (Com. to CE, EIE)

Time: 3 hours

Max. Marks: 70

Note: 1. Question Paper consists of two parts (**Part-A** and **Part-B**)
 2. Answer **ALL** the question in **Part-A**
 3. Answer any **THREE** Questions from **Part-B**

~~~~~

**PART –A**

1. a) Distinguish Price Elasticity to that of Income Elasticity of Demand (4M)
- b) Draw Iso-Quant Graph and list out characteristics of Iso-quant (4M)
- c) Explain the managerial theories of firm. (3M)
- d) Draw graph for Product Life Cycle(PLC) and list out various stages of PLC (3M)
- e) Determine Stock Velocity if Sales is Rs.20.00 Lakhs, Gross Profit is 25%, Opening Stock is Rs. 4.50 Lakhs and Closing Stock is Rs.3.50 Lakhs and assume number of days in a year is 365 Days (4M)
- f) Determine Accounting Rate of Return if Average Income is Rs.5.00 Lakhs, Initial Cost of Investment is Rs.15.00 Lakhs, Scrap Value is Rs.2.00 Lakhs and assume that the company follows Straight Line Method of Depreciation (4M)

**PART –B**

2. a) List out various scope areas of managerial economics & its relevance to Civil Engineering Discipline (8M)
- b) Draw Demand Graph and enlist various assumptions, properties and limitations to law of demand. (8M)
3. a) Draw graph for law of variable proportions and describe the behavior of average, marginal and total production curves behavior in different phases. (8M)
- b) Explain the Break Even Analysis role in developing organization (8M)
4. a) How price and output is determined under perfect competition for industry and firm in short run? (8M)
- b) List different methods of pricing and explain any two methods of pricing in detail? (8M)



Code No: RT22014

**R13****SET - 1**

5. a) Differentiate features, merits and demerits Sole-trader and Partnership form of business organization? (8M)
- b) What are the different objectives and features of establishing Public Sector Undertakings (PSUs) by Government? (8M)
6. a) Differentiate Accounting Concepts & Conventions and explain any six of them. (8M)
- b) Journalize the following entries in the Books of M/s. Rock Well Industries Ltd. (8M)

| No | Date       | Description                            | Rs Lakhs. |
|----|------------|----------------------------------------|-----------|
| 1  | 01-01-2016 | Started Business with cash             | 5.00      |
| 2  | 02-01-2016 | Deposited in Andhra Bank               | 3.00      |
| 3  | 05-01-2016 | Purchased Goods on Credit from ABC Ltd | 15.00     |
| 4  | 08-01-2016 | Sold goods on Credit to XYZ Ltd        | 5.00      |
| 5  | 10-01-2016 | Paid Freight Charges by Cheque         | 0.25      |
| 6  | 25-01-2016 | Paid Salaries from Bank                | 2.00      |
| 7  | 30-01-2016 | Drawn Cash from Bank                   | 5.00      |
| 8  | 31-01-2016 | Purchased Furniture on Credit from GBL | 1.20      |

7. a) Compare features merits and demerits of Pay Back Period and Accounting Rate of Return methods of capital budgeting. (8M)
- b) Determine Pay Back Period, Accounting Rate of Return for the following information (8M)

| Year                 | Investment | 2011 | 2012 | 2013 | 2014 | 2015 | Scrap |
|----------------------|------------|------|------|------|------|------|-------|
| Cash flow (Rs Lakhs) | 30.00      | 7.00 | 6.50 | 8.50 | 3.00 | 5.75 | 5.00  |

Code No: RT22014

**R13****SET - 2**

**II B. Tech II Semester Regular Examinations, April/May – 2016**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
 (Com. to CE, EIE)

Time: 3 hours

Max. Marks: 70

- Note: 1. Question Paper consists of two parts (**Part-A** and **Part-B**)  
 2. Answer **ALL** the question in **Part-A**  
 3. Answer any **THREE** Questions from **Part-B**
- ~~~~~

**PART -A**

1. a) Explain the demand factors. (4M)
- b) Differentiate internal and external economies of scale of production (3M)
- c) Features of perfect competition (3M)
- d) List various contents in partnership deed (4M)
- e) Determine Debtors Velocity if Sales is Rs.30.00 Lakhs, Credit Sales is 80%, Opening Balance of Debtors is Rs.7.50 Lakhs and Closing Balance of Debtors is Rs.4.50 Lakhs and assume number of days in a year is 365 Days. (4M)
- f) Determine Pay Back Period for the following information in Lakhs of Rupees (4M)

| Initial Cost | I-Year | II-Year | III- Year | IV-Year | V-Year |
|--------------|--------|---------|-----------|---------|--------|
| 15.00        | 3.00   | 4.50    | 5.50      | 3.50    | 2.75   |

**PART-B**

2. a) Explain the Law of Demand? Explain the difference type of income and price Elastic types. (8M)
- b) Estimate Demand for year 2025 using method of least squares with the help of following information: (8M)

| Year               | 1991 | 1995 | 1999 | 2011 | 2015 |
|--------------------|------|------|------|------|------|
| Sales in Rs. Lakhs | 2    | 5    | 8    | 12   | 20   |

3. a) What are the reasons, sources for economies of scale? List and explain various types of internal economies of scale? (8M)
- b) Determine BEP, Fixed Cost, and PV Ratio for the following information: (8M)

| Description       | 2014-15 | 2015-16 |
|-------------------|---------|---------|
| Sales(Rs. Lakhs)  | 12.00   | 24.00   |
| Profit(Rs. Lakhs) | 4.00    | 12.00   |

4. a) How price and output is determined under Monopolistic competition for group and firm in both short run & long run? (8M)
- b) What are the situations, objectives and reasons for fixing price? Also explain any four modern methods of price fixation? (8M)

Code No: RT22014

**R13****SET - 2**

5. a) Differentiate features, merits and demerits Private Limited and Public Limited Companies? (8M)
- b) Discuss the Business cycles role in changing Scenario of Business (8M)
6. a) What are subsidiary books? Explain in detail about any four of them along with proper formats? (8M)
- b) Compute Current ratio, Quick Ratio and Cash Ratio with the help of following information: (8M)

| No | Description                     | Rs. Lakhs |
|----|---------------------------------|-----------|
| 1  | Cash                            | 2.25      |
| 2  | Bank                            | 15.50     |
| 3  | Creditors                       | 2.50      |
| 4  | Bills Payables                  | 4.50      |
| 5  | Debtors                         | 8.00      |
| 6  | Bills Receivables               | 2.00      |
| 7  | Loan from Bank                  | 3.50      |
| 8  | Loans and Advances to Suppliers | 5.00      |
| 9  | Bank Over Draft                 | 1.50      |
| 10 | Prepaid Expenses                | 0.50      |
| 11 | Outstanding Incomes             | 0.25      |
| 12 | Outstanding Expenses & Salaries | 1.00      |
| 13 | Marketable Securities           | 6.00      |
| 14 | Short Term Investments          | 4.00      |
| 15 | ST Fixed Deposits               | 2.00      |

7. a) Compare features, merits and demerits of Accounting Rate of Return, Profitability Index and Internal Rate of Return methods of capital budgeting. (8M)
- b) Determine Internal Rate of Return for the following information regarding Project-Z (8M)

| Year                 | Investment | 2011  | 2012  | 2013  | 2014  | 2015  | Scrap |
|----------------------|------------|-------|-------|-------|-------|-------|-------|
| Cash flow (Rs Lakhs) | 25.00      | 6.00  | 5.50  | 4.50  | 6.00  | 2.75  | 2.00  |
| PV Factor 10%        | 1.00       | 0.909 | 0.826 | 0.751 | 0.683 | 0.621 | 0.621 |
| PV Factor 14%        | 1.00       | 0.877 | 0.769 | 0.675 | 0.592 | 0.519 | 0.519 |

Code No: RT22014

**R13****SET - 3**

**II B. Tech II Semester Regular Examinations, April/May – 2016**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
 (Com. to CE, EIE)

Time: 3 hours

Max. Marks: 70

- Note: 1. Question Paper consists of two parts (**Part-A** and **Part-B**)  
 2. Answer **ALL** the question in **Part-A**  
 3. Answer any **THREE** Questions from **Part-B**
- ~~~~~

**PART -A**

1. a) Differentiate Income Elasticity & Promotional elasticity (4M)
- b) Differentiate Average Cost and Marginal Cost (4M)
- c) Explain Methods of pricing (3M)
- d) Explain clauses in Memorandum of Association (3M)
- e) Determine Current Ratio If Cash Rs.2.50 Lakhs, Bank Rs. 6.50 Lakhs, Debtors Rs. 10.00 Lakhs, Stock Rs.2.00 Lakhs, Bills Receivables Rs. 2.00 Lakhs, Bills Payable Rs. 3.00 Lakhs, Creditors Rs.6.00 Lakhs and Bank Over Draft Rs.2.50 Lakhs (4M)
- f) Determine Net Present Value for the following information in Lakhs of Rupees (4M)

| Initial Cost        | I-Year | II-Year | III- Year |
|---------------------|--------|---------|-----------|
| 6.00                | 3.50   | 2.50    | 1.50      |
| Present Value @ 10% | 0.909  | 0.826   | 0.751     |

**PART -B**

2. a) What is Managerial Economics? What are the objectives, scope and uses of managerial economics? (8M)
- b) What is Demand Elasticity? Explain different methods of Demand Elasticity. (8M)
3. a) What is a production function? What are the different types of production functions used in short and long run? (8M)
- b) Determine Sales Volume to get a desired profit as given in the table: (8M)

| Description               | ABC Ltd | XYZ Ltd | PQR Ltd |
|---------------------------|---------|---------|---------|
| Sales Price Per Unit      | 50      | 100     | 25      |
| Variable Cost Per Unit    | 40      | 90      | 20      |
| Fixed Cost (Rs. Lakhs)    | 10.00   | 25.00   | 15.00   |
| Desired Profit(Rs. Lakhs) | 25.00   | 15.00   | 5.00    |

4. a) How price and output is determined under Monopoly and Monopolistic competition for in short run? (8M)
- b) How different methods of pricing is useful for fixing price for existing and new products depending on Product Life Cycle Stages and Business Cycle stages? (8M)
5. a) Differentiate features, merits and demerits Cooperative Society and Joint Stock Companies? (8M)
- b) Compare contents in Memorandum of Association and Articles of Association? (8M)

Code No: RT22014

**R13****SET - 3**

6. a) Explain the difference between Funds flow and cash flow statements. (8M)  
 b) Prepare Three Column Cash in the Books of M/s. MIC Ltd. (8M)

| No | Date       | Description                                                                                                                           |
|----|------------|---------------------------------------------------------------------------------------------------------------------------------------|
| 1  | 01-12-2015 | Opening Balance of cash Rs.4.00 Lakhs                                                                                                 |
| 2  | 03-12-2015 | Opening Balance of Bank Rs.8.00 Lakhs                                                                                                 |
| 3  | 06-12-2015 | Purchased Goods on Credit from ABC Ltd for Rs. 15.00 Lakhs and Paid Cash of Rs. 1.50 Lakhs and rest on credit                         |
| 4  | 10-12-2015 | Sold goods on Credit to XYZ Ltd Rs. 30.00 Lakhs, Received Cash of Rs.2.00 Lakhs & a bank cheque for Rs.18.00 Lakhs and rest on credit |
| 5  | 13-12-2015 | Paid Freight Charges by Cheque Rs.1.25 Lakhs                                                                                          |
| 6  | 17-12-2015 | Paid Salaries from Bank Rs.1.15 Lakhs                                                                                                 |
| 7  | 20-12-2015 | Drawn Cash from Bank Rs.0.50 Lakhs                                                                                                    |
| 8  | 24-12-2015 | Purchased Furniture on Credit from M/S. Tumbi Rs. 4.00 Lakhs                                                                          |
| 9  | 26-12-2015 | Purchased A/C from M/S. Godrej Ltd Rs. 1.00 Lakhs paid through bank                                                                   |
| 10 | 28-12-2015 | Purchased Motor Car on Credit from M/S. BMW Rs. 40.00 Lakhs and paid cash of Rs.1.00 Lakhs                                            |
| 11 | 30-12-2015 | Received a cheque from XYZ Ltd for Rs.9.00 Lakhs and Rs.1.00 Lakhs discount                                                           |
| 12 | 31-12-2015 | Paid a cheque from ABC Ltd for Rs.12.00 Lakhs and Rs.1.50 Lakhs discount                                                              |

7. a) Compare features merits and demerits of Net Present Value and Internal Rate of Return methods of capital budgeting. (8M)  
 b) Determine Net Present Value for the following information (8M)

| Project                | Investment | 2011  | 2012  | 2013  | 2014  | 2015  | Scrap |
|------------------------|------------|-------|-------|-------|-------|-------|-------|
| X Cash flow (Rs Lakhs) | 25.00      | 6.00  | 5.50  | 4.50  | 6.00  | 2.75  | 2.00  |
| Y Cash flow (Rs Lakhs) | 15.00      | 2.00  | 3.50  | 7.50  | 8.00  | 2.00  | 4.00  |
| PV Factor 10%          | 1.00       | 0.909 | 0.826 | 0.751 | 0.683 | 0.621 | 0.621 |

Code No: RT22014

**R13****SET - 4**

**II B. Tech II Semester Regular Examinations, April/May – 2016**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
 (Com. to CE, EIE)

Time: 3 hours

Max. Marks: 70

- Note: 1. Question Paper consists of two parts (**Part-A** and **Part-B**)  
 2. Answer **ALL** the question in **Part-A**  
 3. Answer any **THREE** Questions from **Part-B**
- ~~~~~

**PART –A**

1. a) Explain the Explicit Cost Vs Implicit Cost (4M)
- b) Identify formula for Profit Volume Ratio and list uses of PV Ratio (4M)
- c) Features of monopoly competition (3M)
- d) Differences between private limited and public limited companies (3M)
- e) Determine Debt-Equity Ratio and Proprietary Ratio If Fixed Assets Rs.25.00 Lakhs, Equity Capital Rs. 15.00 Lakhs, Debentures Rs. 10.00 Lakhs, Reserves and Surplus Rs.7.50 Lakhs, Premium on Shares & Debentures Rs. 4.00 Lakhs, and Goodwill Rs.1.50 Lakhs (4M)
- f) Determine Profitability Index for the following information in Lakhs of Rupees (4M)

| Initial Cost        | I-Year | II-Year | III- Year |
|---------------------|--------|---------|-----------|
| 8.00                | 5.50   | 4.50    | 3.50      |
| Present Value @ 10% | 0.909  | 0.826   | 0.751     |

**PART –B**

2. a) What do you understand by different distinctions of demand how they are useful in estimation of demand for a product in hypothetical market? (8M)
- b) Estimate Demand for year 2030 using method of least squares with the help of following information: (8M)

| Year               | 2001 | 2004 | 2008 | 2010 | 2015 |
|--------------------|------|------|------|------|------|
| Sales in Rs. Lakhs | 4    | 2    | 6    | 10   | 12   |

3. a) What is Cost-Output Relationship? Explain the behavior of various curves in both short and long run. (8M)
- b) Determine BEP, Fixed Cost, and PV Ratio for the following information: (8M)

| Description       | 2014-15 | 2015-16 |
|-------------------|---------|---------|
| Sales(Rs. Lakhs)  | 10.00   | 48.00   |
| Profit(Rs. Lakhs) | 4.00    | 20.00   |

4. a) Differentiate features of Perfect competition, Monopoly and Monopolistic Markets? (8M)
- b) Explain the Cost-Volume profit analysis role in Business decision. (8M)

Code No: RT22014

**R13****SET - 4**

5. a) Differentiate features of Sole-trader, Hindu Undivided Family(HUF) and Cooperative Society form of organizations? (8M)  
 b) Explain the concepts of Business cycles. (8M)
6. a) What are the financial statements and explain different techniques of analyzing them? (8M)  
 b) Compute Current ratio, Quick Ratio and Cash Ratio with the help of following information: (8M)

| No | Description                     | Rs. Lakhs |
|----|---------------------------------|-----------|
| 1  | Cash                            | 5.25      |
| 2  | Bank                            | 15.00     |
| 3  | Creditors                       | 12.00     |
| 4  | Bills Payables                  | 4.00      |
| 5  | Debtors                         | 6.00      |
| 6  | Bills Receivables               | 4.00      |
| 7  | Loan from Bank                  | 1.50      |
| 8  | Loans and Advances to Suppliers | 2.00      |
| 9  | Bank Over Draft                 | 4.50      |
| 10 | Prepaid Expenses                | 1.50      |
| 11 | Outstanding Incomes             | 2.25      |
| 12 | Outstanding Expenses & Salaries | 1.50      |
| 13 | Marketable Securities           | 8.00      |
| 14 | Short Term Investments          | 3.00      |
| 15 | ST Fixed Deposits               | 5.00      |

7. a) Compare features merits and demerits of Pay Back Period and Accounting Rate of Return methods of capital budgeting. (8M)  
 b) Determine Pay Back Period and Profitability Index for the following information about Project X (8M)

| Year                    | Investment | 2011 | 2012 | 2013 | 2014 | 2015 | Scrap |
|-------------------------|------------|------|------|------|------|------|-------|
| Cash flow<br>(Rs Lakhs) | 10.00      | 2.00 | 3.00 | 4.50 | 5.00 | 3.75 | 1.50  |