

Code: 15A52301

B.Tech II Year I Semester (R15) Supplementary Examinations June 2018

MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS

(Common to CSE, ME & IT)

Time: 3 hours

Max. Marks: 70

PART – A
(Compulsory Question)

1 Answer the following: (10 X 02 = 20 Marks)

- (a) Define price elasticity of demand.
- (b) Distinguish between autonomous demand and derived demand.
- (c) Distinguish between fixed cost and variable cost.
- (d) Define break-even point.
- (e) Explain state skimming pricing in brief.
- (f) Explain the features of monopoly.
- (g) What is working capital?
- (h) Explain equity share capital.
- (i) Discuss going concern concept in brief.
- (j) Give an account on trial balance.

PART – B

(Answer all five units, 5 X 10 = 50 Marks)

UNIT – I

2 Define managerial economics and explain its nature and scope.

OR

3 Define law of demand and explain exceptions to the law of demand.

UNIT – II

4 The sales turnover and profit during two years were as follows:

Year	Sales	Profit
2007	1,50,000	20,000
2008	1,70,000	25,000

OR

5 State the law of proportions. And explain with the help of graph.

UNIT – III

6 Discuss pricing objectives.

OR

7 Explain the advantages and disadvantages of sole trader form of organization.

UNIT – IV

8 Explain briefly capital budget techniques.

OR

9 A company is considering two mutually exclusive projects. The following information is available related to the two projects.

	Project A	Project B
Initial investment	Rs.5,00,000	Rs.5,00,000
CFAT at the end of year 1	50,000	3,00,000
2	1,00,000	2,50,000
3	2,00,000	2,00,000
4	2,50,000	1,00,000
5	3,00,000	50,000

If the firm's minimum expected rate of return is 10%, advise the company which project has to be accepted.

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UNIT – V

- 10 Journalize the following transactions:
2013
April, 1 Rajesh starts business with cash 20,000
April, 2 He buys goods for cash 15,000
April, 4 He buys goods from Malhotra on credit 6,000
April, 5 Furniture is purchased for cash 1,000
April, 9 Cash sales made 1,500
April, 11 Goods sold on credit to Satya Dev 4,000
April, 16 Payment made to Malhotra 6,000
April, 19 Cash sales 4,300
April, 21 Purchases of stationery for cash 20
April, 25 Sales on credit to Yusuf 1,770
April, 30 Rent for the month paid in cash 500.

OR

- 11 Calculate liquidity ratio from the following balance sheet a company compute current ratio and quick ratio, absolute quick ratio. Also interpret the ratios.

Land and buildings	50000
Plant and machinery	100000
Furniture and fixtures	25000
Closing stock	25000
Sundry debtors	12500
Wages prepaid	2500
Sundry creditors	8000
Rent outstanding	2000

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