

Code No: R22013

R10**SET - 1**

II B. Tech II Semester Supplementary Examinations, November-2017
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Com. to CE, MM)

Time: 3 hours

Max. Marks: 75

Answer any FIVE Questions
All Questions carry Equal Marks

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1. a) What are the different Scope areas of Managerial Economics? (4M)  
b) Enlist various factors influencing demand? (5M)  
c) Different Distinctions of demand? (6M)
2. a) Identify different factors influencing demand elasticity. (3M)  
b) Different types of Price Elasticity? (6M)  
c) Explain any four methods of Demand Forecasting? (6M)
3. a) What are the assumptions of production function? (5M)  
b) What are the different types of costs relevant for managerial decision making? (5M)  
c) Determine Sales Level that is required if the desired Profit is Rs.25.00 Lakhs, Fixed Cost is Rs.15.00 Lakhs, Sales Price Per Unit is Rs.25/- and Variable Cost Per Unit is Rs. 20/-. (5M)
4. a) How Price for perishable & non Perishable goods determined? (3M)  
b) Compare Monopoly & Monopolistic Market in their features? (4M)  
c) Enlist different methods used in Price Fixation and explain any six of them. (8M)
5. a) What are the contents in Partnership Deed? Differentiate Registered & Unregistered Partnership? (5M)  
b) Differentiate Memorandum & Articles of Association? (5M)  
c) What are the salient features of Economic Policy of 1991? (5M)

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6. a) Define Accounting and differentiate Cost Accounting, Management Accounting and Financial Accounting? (4M)
- b) Portray various items that appear in Manufacturing A/c. and Trading A/c. (3M)
- c) Prepare 3-Column Cash Book for the month of Sep-15 in the books of M/s. Ajay Traders Ltd. (8M)

| No | Date       | Description                                                                                                                |
|----|------------|----------------------------------------------------------------------------------------------------------------------------|
| 1  | 01-09-2015 | Opening Balance of Cash Rs.2.00 Lakhs & Bank is 18.00 Lakhs                                                                |
| 2  | 05-09-2015 | Deposited Cash in East Coast Bank Rs.1.00 Lakhs                                                                            |
| 3  | 10-09-2015 | Purchased Goods from Mr. Jain and Paid Cash of Rs.5,000/-, A Bank Cheque for Rs.25,000/- and Rest of Rs. 9,70,000/-        |
| 4  | 15-09-2015 | Sold Goods M/s.. XYZ; received cash of Rs.25,000/-, A Bank Cheque for Rs. 75,000/- and rest on Credit Basis Rs.19,00,000/- |
| 5  | 20-09-2015 | Paid Salaries through Bank Rs. 25,000/-                                                                                    |
| 6  | 22-09-2015 | Freight Paid in cash Rs.5,000/-                                                                                            |
| 7  | 24-09-2015 | Paid Rent through bank Rs. 30,000/-                                                                                        |
| 8  | 26-09-2015 | Withdrawn Cash for Office Purpose Rs.50,000/-                                                                              |
| 9  | 28-09-2015 | Received Cheque From M/s. XYZ Rs.18,50,000/- & Balance is discount                                                         |
| 10 | 30-09-2015 | Paid Cheque to Mr. Jain Rs. 9,00,000/- and rest requested as discount also honoured.                                       |

7. a) What are the different sub classifications in profitability ratios? (4M)
- b) Determine Debt-Equity Ratio, Proprietary Ratio, Interest Cover, Inventory Turnover Ratio, Debtors Turnover Ratio (8M)

| No | Description                                    | Amount Rs.  |
|----|------------------------------------------------|-------------|
| 1  | Opening Balance of Stock                       | 600000      |
| 2  | Closing Balance of Stock                       | 800000      |
| 3  | Sales                                          | 3000000     |
| 4  | Opening Balance of Debtors & Bills Receivables | 300000      |
| 5  | Closing Balance of Debtors & Bills Receivables | 400000      |
| 6  | Gross Profit to Sales Ratio                    | 20%         |
| 7  | Credit Sales                                   | 50%         |
| 8  | Equity                                         | 50,00,000/- |
| 9  | Debt                                           | 10,00,000/- |
| 10 | Fixed Assets                                   | 40,00,000/- |

- c) Portray various Items in a model Statement of Sources & Uses of Funds. (3M)

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8. a) Draw & Explain Working Capital Cycle. (3M)
- b) Compute Working Capital requirement of M/s. ABC Processors Ltd. with the help of the following information, if annual production is 1,20,000 units. Sales Price Per Unit is Rs.1000/- and Cost Sheet details revealed as Direct Materials is 40%, Direct Labour is 30% and Direct Expenses are 20%, balance is profit to the enterprise. Provide 20% Margin on Net Working Capital (6M)

| No | Description                                         | Time(Months)/Amt (Rs.) |
|----|-----------------------------------------------------|------------------------|
| 1  | Raw Material Requirement                            | 2 Months               |
| 2  | Work-in-Progress Requirement                        | 3 Months               |
| 3  | Finished Goods Requirement                          | 3 Months               |
| 4  | Credit Allowed to Customers                         | 2 Months               |
| 5  | Credit Allowed by Suppliers of Raw Material         | 1.5 Months             |
| 6  | Time Lag in Payment of Salaries( Rs.6.00 Lakhs P/A) | 1 Month                |
| 7  | Minimum Cash Requirement                            | Rs.2.00 Lakhs          |

- c) Which of the following Two Projects do you recommend under Net Present Value Method if Discounting Factor is 10%. (6M)

| Description                | Project-A Cash Flow Rs. | Project-B Cash Flow Rs. | PV Factor @ 10% |
|----------------------------|-------------------------|-------------------------|-----------------|
| Initial Cost of Investment | 125000                  | 200000                  | 1.000           |
| 1 <sup>st</sup> Year       | 55000                   | 25000                   | 0.909           |
| 2 <sup>nd</sup> Year       | 50000                   | 30000                   | 0.826           |
| 3 <sup>rd</sup> Year       | 45000                   | 85000                   | 0.751           |
| 4 <sup>th</sup> Year       | 30000                   | 75000                   | 0.683           |
| 5 <sup>th</sup> Year       | 25000                   | 35000                   | 0.621           |