

Code No: V0221

R07**SET - 1**

II B. Tech II Semester, Supplementary Examinations, April/May – 2013
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Com. to EEE, EIE, BME)

Time: 3 hours

Max. Marks: 80

Answer any **FIVE** QuestionsAll Questions carry **Equal** Marks

~~~~~

1. 'Managerial economics uses the theories of economics and the methodologies of the decision sciences for managerial decision making'. Elaborate.
2. What is the law of demand? What is the difference between demand schedule and demand curve?
3. Explain the nature and managerial uses of Production function.
4. Discuss the features of perfect competition. Explain price determination under perfect competition.
5. Differentiate between Public and Private Limited Company.
6. Define Capital Budgeting? Explain the techniques in Capital Budgeting
7. Explain accounting concepts and conventions in detail.
8. a) From the following balance sheet of a company, calculate debt equity ratio, total assets to debt ratio and proprietary ratio

**Balance Sheet of X ltd as on 31.12.2011**

|                          |                  |                             |                  |
|--------------------------|------------------|-----------------------------|------------------|
| Preference Share Capital | 7,00,000         | Plant and Machinery         | 9,00,000         |
| Equity Share Capital     | 8,00,000         | Land and Building           | 4,20,000         |
| Reserves                 | 1,50,000         | Motor Car                   | 4,00,000         |
| Debentures               | 3,50,000         | Furniture                   | 2,00,000         |
| Current Liability        | 2,00,000         | Stock                       | 90,000           |
|                          |                  | Debtors                     | 80,000           |
|                          |                  | Cash and Bank               | 1,00,000         |
|                          |                  | Discount on Issue of Shares | 10,000           |
|                          | <b>22,00,000</b> |                             | <b>22,00,000</b> |

- b) Discuss the managerial uses of Ratio Analysis.

Code No: V0221

**R07****SET - 2****II B. Tech II Semester, Supplementary Examinations, April/May – 2013****MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

(Com. to EEE, EIE, BME)

Time: 3 hours

Max. Marks: 80

Answer any **FIVE** QuestionsAll Questions carry **Equal** Marks

~~~~~

1. Managerial economics is pragmatic and conceptual in nature'. Explain
2. Discuss the impact of price elasticity of demand on the product like Laptops.
3. "If the production function is homogeneous with constant returns to scale everywhere, the return to a single variable factor will be diminishing." Explain.
4. What is monopolistic competition? How is equilibrium of a firm under monopolistic competition affected, when firms are competing only through price changes?
5. 'Globalization is a means of attaining international standard of living'. Do you agree with this statement? Support your answer.
6. Journalize the following transactions and Post them into Ledger

Date		Rs.
2012, March 1	Ali commenced business with cash	10,000
March 2	Paid into Bank	8,000
March 3	Bought goods for cash	500
March 4	Bought furniture for Office	400
March 5	Drew from Bank cash for office	1,000
March 6	Goods sold to Khan	600
March 7	Bought goods from Ali	400
March 8	Paid Trade Expenses	100
March 9	Paid to Ali on account	400
March 10	Received Cash from Khan	600
March 11	Paid Rent	200
March 12	Cash Sales	12,000

7. The current ratio of a company 3:1. Which of the following suggestions would improve the ratio, which would reduce it and which would not change it?
 - i) To pay a current Liability (ii) To sell a car for cash for little loss iii) To borrow money for interest (iv) To purchase stocks for cash (v) To give a promissory note to a creditor to whom money was owned.
8. Explain various methods of source of finance.



Code No: V0221

R07

SET - 3

II B. Tech II Semester, Supplementary Examinations, April/May – 2013

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Com. to EEE, EIE, BME)

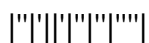
Time: 3 hours

Max. Marks: 80

Answer any **FIVE** Questions

All Questions carry **Equal** Marks

1. 'Managerial economics is multidisciplinary in nature'. Explain.
2. Define price elasticity of demand and distinguish its various types of price elasticity of demand.
3. How is least-cost combination arrived at with the help of iso product and iso cost curves? Explain the significance of the tangential point.
4. Discuss the significance of pricing decisions in practice. Explain the various factors affect the pricing of a product.
5. Define sole proprietorship? Explain its advantages and Disadvantages.
6. The following ledger balances were extracted from the books of Rushil Ltd. On 31st March, 2011. Prepare Balance Sheet.
Land and Building Rs. 2,00,000; 12% debentures Rs. 2,00,000; Share Capital 1,00,000 equity shares Rs. 10 each fully paid; Plant and Machinery Rs. 8,00,000; Goodwill Rs. 2,00,000; Investments in shares of Raja Ltd. Rs.2,00,000; Bills Receivable Rs 50,000; Debtors Rs. 1,50,000; Creditors Rs 1,00,000; Bank Loan (Unsecured) Rs 1,00,000; Provision for taxation Rs. 50,000; Discount on issue of 12% debentures Rs. 5000; Proposed dividend Rs. 55,000. Stock Rs. 1,00,000 General Reserve Rs 2,00,000.
7. From the Data Calculate a) Gross Profit Ratio b) Net profit Ratio c) Return on total assets d) Inventory Turnover Ratio e) Working Capital Turn over Ratio f) Net Worth to Debt .
Sales Rs.25,20,000 ; Cost of Sales Rs.19,20,000; Net Profit Rs.3,60,000; Inventory Rs.8,00,000; Other current assets Rs.7,60,000; Fixed Assets Rs.14,40,000; Net Worth Rs.15,00,000; Debt Rs.9,00,000; Current Liabilities Rs.6,00,000.
8. Write Short Notes on
 - a) Limitations of Financial Statements
 - b) Limitations of BEP
 - c) Delphi Method.



Code No: V0221

R07

SET - 4

II B. Tech II Semester, Supplementary Examinations, April/May – 2013

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Com. to EEE, EIE, BME)

Time: 3 hours

Max. Marks: 80

Answer any **FIVE** Questions
All Questions carry **Equal** Marks

1. Justify that 'Managerial Economics is economics applied in decision making'.
2. 'The concept of price elasticity is very useful in the total revenue planning of a firm'. Explain.
3. What are external economies of scale and how are they different from returns to scale.
4. Differentiate between determination of price in the short run and the long run.
5. Differentiate Partnership and Sole proprietorship. Discuss the Advantages and Disadvantages of Sole Proprietorship.
6. "Balance sheet shows the position of assets and liabilities at a particular date". Explain.
7. Assuming the current ratio of a company is 2. State in each of the following cases whether the ratio will improve or decline or will have no change. Give Reasons.(a) Payment of Current Liability (b) Purchase of Fixed Asset (c) Cash Collected from debtors (d) Bill receivable Dishonored.
8. Write short notes on
a) MRTS b) Isoquants c) ARR

