

**Code No: V3101**

**R07**

**Set No: 1**

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

**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

(Com.to CE, ME, ECE, ECC, AME, BIO)

**Time: 3 Hours**

**Max Marks: 80**

Answer any FIVE Questions  
All Questions carry equal marks

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1. a) Discuss the nature and scope of Managerial economics.  
b) What is Law of Demand? What are its assumptions and exceptions?
2. a) Explain briefly the types of Elasticity of demand.  
b) Describe the Statistical methods of demand forecasting.
3. a) Explain the concept of Cobb-Douglas Production function.  
b) What is Break – even – Analysis? Explain its uses and limitations.
4. a) Illustrate the determination of price in Perfect competition.  
b) Distinguish between Market Skimming Pricing and Penetration Pricing.
5. a) Evaluate Partnership form of business organisation.  
b) Is disinvestment in Public enterprises justified? Discuss.
6. a) What are the methods of raising long-term finance for an organization?  
b) The cost of a project is Rs 1,00,000 and the annual cash inflows for the next 4 years are 50,000. What is the Payback period for the project?
7. a) What do you understand by Double entry book keeping? What are its advantages?  
b) Who are the parties interested in Financial statement of a firm?
8. a) What is a Ratio? What are the types of ratios and what do they convey?  
b) Given that the number of shares is 10,000 and the net profit after taxes for a given accounting period is Rs. 4,50,000, calculate EPS.

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**Set No: 2**

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**Time: 3 Hours**

**Max Marks: 80**

Answer any FIVE Questions  
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1. a) What is Demand? What are the determinants of demand?  
b) Define Law of demand. What are its assumptions and exceptions?
2. a) Explain the different types of Elasticity of demand with suitable diagrams.  
b) What is Demand forecasting List out the different methods of demand forecasting?
3. a) Discuss the economies of scale that accrue to a firm.  
b) How is Break – Even – Analysis useful to managers?
4. a) What is Monopoly. What are its features?  
b) Illustrate any three methods of Pricing.
5. a) What is a Joint Stock company? What are its merits and demerits?  
b) Discuss briefly the types of Public enterprises.
6. a) Differentiate between Fixed capital and Working capital.  
b) Determine the Payback period for a Project which requires a cash outly of Rs. 24,000 and generates cash inflows of Rs. 4,000, Rs. 8000, Rs.8000 and Rs. 10,000 in the first, second, third and fourth years respectively.

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Code No: V3101

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7. The following balances were extracted from the books of Vijay on March 31, 2002.

Capital	_____	73,000
Drawings	_____	12,000
General Expenses	_____	4,000
Building	_____	30,000
Machinery	_____	15,000
Stock (April 1, 2001)	_____	20,000
Power	_____	3,000
Taxes and insurance	_____	2,700
Wages	_____	10,000
Debtors	_____	25,000
Creditors	_____	20,000
Bad debts	_____	1,900
Sales	_____	80,000
Purchases	_____	50,000
Scooter	_____	8,000
Commission received	_____	2,000
Bills payable	_____	5,000
Cash in hand	_____	4,000
Bank overdraft	_____	6,000
Packing expenses	_____	400

Stock on hand on March 31, 2002, was of the value of Rs. 30,000

You are required to prepare Trading and Profit and Loss Account for the year ending March 31, 2002, and also the Balance Sheet as on that date.

8. a) Explain Liquidity ratios.  
b) Calculate return on investment and earnings per share from the following information.

Equity share capital (in shares of Rs 10)	_____	10,00,000
Reserves	_____	1,00,000
Profit of the year	_____	4,00,000

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**Code No: V3101**

**R07**

**Set No: 3**

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

**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

(Com.to CE, ME, ECE, ECC, AME, BIO)

**Time: 3 Hours**

**Max Marks: 80**

Answer any FIVE Questions  
All Questions carry equal marks

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1. a) Define Managerial Economics. Explain its nature.  
b) Explain the Law of demand with the help of schedule and demand curve.
2. a) Define Elasticity of demand. Explain different types of elasticity of demand.  
b) Explain survey based Demand forecasting method with examples.
3. a) Explain the Law of increasing returns with a diagram.  
b) Distinguish between Fixed cost and Variable cost.
4. a) What is a Perfect competition market? Describe its features.  
b) Discuss any three methods of Pricing.
5. a) Explain the features, merits and demerits of Sole Trade Business.  
b) Differentiate between Private Ltd company and Public Ltd company.
6. a) Enumerate the major long term sources of finance. Explain any two of them.  
b) Explain briefly Net Present Value technique of capital budgeting.

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**R07****Set No: 3****Code No: V3101**

7. The Trial Balance of Messers Rajindra Bros, Kolkata shows the following balance on 31<sup>st</sup> March, 2004. Prepare from them a Trading Account, Profit and loss Account and a Balance sheet.

Rs.		Rs.	
Capital _____	18,000	Cash at bank _____	1,900
Stock _____	3,720	Machinery _____	6,710
Bills payable _____	4,827	Buildings _____	5,290
Creditors _____	7,581	Commission (Credit) _____	390
Debtors _____	8,100	Insurance _____	119
Bills Receivable _____	3,291	Postage _____	132
Sales _____	12,439	Discount (credit) _____	627
Purchases _____	10,492	Salaries _____	1,400
Returns inward _____	1,000	Carriage _____	400
Returns Outward _____	1,200	Wages _____	1,510
Cash in hand _____	400	Depreciation _____	600
Stock (closing) Rs. 17,929			

8. a) State the method and significance of calculating Debt Equity Ratio.

b) On the basis of the following information calculate

- i) Gross Profit ratio  
 ii) Working Capital ratio  
 iii) Debt Equity ratio

Net sales _____	30,00,000	Paid up share capital _____	5,00,000
Cost of goods sold _____	20,00,000	Debentures _____	2,50,000
Current Assets _____	6,00,000	Loan _____	1,25,000
Current Liabilities _____	2,00,000		

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Code No: V3101

R07

Set No: 4

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**Time: 3 Hours**

**Max Marks: 80**

Answer any FIVE Questions  
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1. a) Discuss the scope of Managerial economics in business decision making.  
b) Define Demand and explain the factors affecting demand for a commodity.
2. a) What is Elasticity of demand? How is it measured?  
b) Explain briefly the methods of Demand forecasting.
3. a) Illustrate the Law of variable proportions.  
b) The following information is extracted from the records of M/S ABC ltd.

Fixed cost	Rs. 50,000
Selling price / unit	Rs. 10
Variable cost / unit	Rs. 6

You are required to determine.  
(i) P/V Ratio      (ii) Break even point in terms of value (Rs)  
(iii) Break even point in terms of Units.(iv)Margin of safety when actual sales is 15,000 units
4. a) How is price determined under Monopoly?  
b) Explain (i) Cost plus pricing (ii) Going rate pricing and (iii) Peak load pricing.
5. a) Differentiate between Sole Trade and Partnership.  
b) Discuss the changes taking in Public enterprises in the post liberalization scenario.
6. a) Enumerate any five methods of raising long term finance for a company. Discuss any one of them.  
b) Explain Accounting rate of return technique of capital budgeting. What are its special Features?
7. a) What is Double – entry? What are its merits?  
b) What are the different types of financial statements? What do they convey?
8. a) What is a Ratio? List out the different types of ratios and explain what they convey.  
b) (i) Given that the Net Sales is Rs. 50,000 for a firm and cost of goods sold is Rs. 20,000. Calculate Gross Profit ratio.  
ii) Given that the number of shares is 10,000 and the net profit after taxes for a given accounting period is Rs. 4,50,000. Calculate EPS.

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