



II B. Tech I Semester, Regular Examinations, Dec – 2012 MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Com. to EEE, ME, ECE, CSE, IT, EIE, ECC, BME)

Time: 3 hours

Max. Marks: 75

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

- 1. Define Managerial Economics. Explain the nature and scope of Managerial Economics.
- 2. What is Price Elasticity of Demand? How do you measure it?
- 3. What is monopolistic competition? Explain the equilibrium of firm and industry in both the short-run and long-run under monopolistic competition.
- 4. Define production function? What are the types of production function? Explain them in brief.
- 5. Define sole trader. What are the features, merits and demerits of sole trader?
- 6. What are the methods of ranking investment proposals?
- 7. Journalize the following Transactions from the books of Miss. Madhuri?
 - a) Madhuri Commenced business with a capital of Rs.1,00,000/-
 - b) Purchased furniture Rs.3,000/-
 - c) Sold Goods worth Rs.3,500/-
 - d) Paid Salaries Rs.10,000/-
 - e) Office Expenses paid Rs.800/-
 - f) Cash deposited into bank Rs.30,000/-
 - g) Purchased good on credit basis from Miss. Shreya Rs.40,000/-
 - h) Cash withdraw from bank Rs.15,000/-
- 8. Explain the following Ratios:
 - a) Current Ration
 - b) Quick Ration
 - c) Gross Profit Ratio
 - d) Operating Ratio
 - e) EPS

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- 1. Discuss the relationship between managerial economics and other subjects.
- 2. Distinguish various types of price elasticity of demand. What are the factors on which the elasticity of demand depends?
- 3. Define production function? What are the types of production function? Explain them in brief.
- 01012 4. ABC Company has supplied the following information.

No. of units sold 20,000 units, Fixed cost: Rs. 2, 00, 000 Variable cost per unit Rs. 10 Selling price per unit. Rs. 20

Find out:

- **BEP** in units a)
- Margin of safety b)
- Sales to get a profit of Rs. 1,00,000 c)
- Verify the results in all the above cases d)
- What are the necessary conditions to be satisfied by a firm in arriving at the optimal level of 5. output in a perfectly competitive market?
- Define Public enterprises? Explain their features and advantages? 6.
- 7. Discuss briefly the various phases of business cycle.
- 8. Explain the following Ratios
 - a) Short term Ratios
 - b) Long term Ratios and
 - c) Profitability Ratios

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- 1. Explain how Managerial Economics is linked with other academic disciplines.
- 2. Define Law of Demand. What are its assumptions and exceptions?
- 3. Illustrate the price determination in case of monopoly.
- 4. Explain the production function with reference to Law of Variable proportions and substitutability of factors.
- 5. Evaluate sole proprietorship form of business organization.
- 6. If sales are 10,000 units and selling price is Rs. 15 per unit, variable cost Rs. 8 per unit and fixed cost is Rs. 70,000. Find out BEP in terms of rupees and units. What is the profit earned? What should be the sales for earning a profit of Rs. 50,000/-.
- 7. ABC Co. Ltd. is proposing to undertake one project. Two projects A and B are available. The initial cost of the Project in each case is Rs. 4, 00,000/-. A discount factor of 10% is used to compare the projects. Cash flows after taxes are likely to be as under.

	Cash flows after taxes (in Rs.)	
Year	Project 'A'	Project 'B'
1	1.50,000	50,000
2	2,00,000	1,50,000
3	2,50,000	2,00,000
4	1,50,000	3,00,000
5	1,00,000	2,00,000

Which one do you recommend under Net Present Value Index method?

8. What are the important ratios? Explain any four of them with examples to understand the financial statements?



(SET - 4)

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

- 1. What is the relationship between managerial economics and other subjects.
- 2. Discuss briefly the various methods demand forecasting and point out their limitations.
- 3. What are the necessary conditions to be satisfied by a firm in arriving at the optimal level of output in a perfectly competitive market?
- 4. Define and distinguish various cost concepts in managerial decisions.
- 5. a) What is the Break-even point? Explain its assumptions and limitations.
 - b) From the following data calculate the break-even volume:

Fixed cost Rs. 10,000

Selling price ----Rs. 7 per unit

Variable cost ---Rs. 3 per unit

Suppose the price reduces to Rs. 2 per unit, what would you say about the break-even position?

6. Discuss the role of sleeping partner. What are the features, merits and demerits of sole trader?

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(SET - 4)

7. From the following information, prepare Final Accounts?

Particulars	<u>Debit</u>	<u>Credit</u>
Purchases	15,000	
Sales		35,000
Returns	700	800
Opening Stock	10,000	
Wages	500	
Salaries	700	
Depreciation	1000	
Rent Received		5,000
Building	15,000	
Capital		30,000
Debitors	10,000	
Creditors		7,000
Bank our draft		5,000
Cash	29,900	
Total:	<u>82,800</u>	<u>82,000</u>
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<u>Adjustments:</u> Closing Stock was valued Rs.15,000/-Outstanding wages Rs.500/-Appreciation on Building @10%

8. Explain the following Ratiosa) Short term Ratios b) Long term Ratios and

c) Profitability Ratios

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