B.Tech III Year I Semester (R09) Supplementary Examinations June 2017
MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS
(Common to CE, BT, ME, EEE, ECC & MCT)

Time: 3 hours   Max. Marks: 70

Answer any FIVE questions
All questions carry equal marks
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1   Explain the relationship between the fields of managerial economics
   (a)   Microeconomics and Macroeconomics.
   (b)   Accounting marketing, personnel and production.

2 (a)   What are the most important determinants of the demand function that a firm faces for the commodity it
          sells?
   (b)   What are producer goods? Why is the demand for durable goods less stable than the demand for
          non-durable goods?

3   What is a production function? What is the relationship between diminishing returns and the stages of
       production?

4 (a)   What are the different types of market structures based on competition?
   (b)   What is the difference between perfect competition and monopolistic competition?

5 (a)   Explain about sole trader, partnership and joint stock company.
   (b)   Give your opinion on the positives of demonetization and GST on Indian Economy.

6 (a)   Explain the importance of capital budgeting decisions.
   (b)   Compute NPV for the following data:

Description	Cash flows (Rs)	12% PV factor
Initial cash outflow	3,00,000	1.0000
1st year	1,00,000	0.8928.
2nd year	1,10,000	0.7971
3rd year	1,50,000	0.7117
4th year	1,75,000	0.6355
5th year	1,10,000	0.5674
Scrap value	75,000	0.5674

7   Journalize the following transactions.
            (i) Madan started business with Rs.60,000
            (ii) Bought furniture worth Rs.20,000
            (iii) Bought goods from Devika and Sons Rs.30,000
            (iv) Sold goods to Mahadev Rs.80,000
            (v) Returned goods to Devika and Sons Rs.3,000
            (vi) Cash sales Rs.45,000
            (vii) Sold goods to Rao and bro Rs.21,000

8 (a)   What are the applications of financial ratio analysis?
   (b)   Determine the debtors inventory turnover ratios with the help of the following information.

S.No	Description	Amount (Rs.)
1	Debtors opening balance	3,00,000
2	Debtors closing balance	5,00,000
3	Credit sales	80%
4	Opening stock	4,00,000
5	Closing stock	6,00,000
6	Gross sales	4,00,000
7	Gross profit	25%

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B.Tech III Year I Semester (R13) Supplementary Examinations June 2017
MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS
(Common to CSE and EEE)

Time: 3 hours
Max. Marks: 70

PART – A
(Compulsory Question)
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1   Answer the following: (10 X 02 = 20 Marks)
   (a)   What is Giffen paradox?
   (b)   Define cross elasticity of demand.
   (c)   Differentiate between implicit and explicit cost.
   (d)   Define external economies of scale.
   (e)   Write the features of oligopoly.
   (f)   What is partnership deed?
   (g)   Define working capital.
   (h)   What is time value of money?
   (i)   Why do we prepare trading account?
   (j)   List various types of financial statements.

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

UNIT – I

2   Explain the nature of problem studies in managerial economics. What is the importance of the study of such problems in business management?
OR
3   What is meant by Elasticity of demand? How do you measure it?

UNIT – II

4   The PV ratio of Matrix books Ltd, is 40% and the margin of safety is 30% you are required to work out the BEP and Net profit, if the sales volume is Rs 14,000.
OR
5   Define production function. Differentiate between Isocosts and Isoquants.

UNIT – III

6   What is a market? Explain, in brief, the different market structures.
OR
7   Define a joint stock company & explain its basic features, advantages & disadvantages.

UNIT – IV

8   What is the importance of capital budgeting? Explain the basic steps involved in evaluating capital budgeting proposals.
OR
9   XYZ company is considering the purchase of two machines A and B each costing Rs: 50,000/-. Earnings after taxes are expected to be as under:

Year	1	2	3	4	5
Machine A	5,000	15,000	20,000	30,000	20,000
Machine B	15,000	20,000	25,000	15,000	10,000

Estimate the two alternatives according to: (i) ARR method. (ii) NPV method a discount rate of 10%.

UNIT – V

10   Give a brief account on the important records of Accounting under Double entry system and discuss briefly the scope of each.
OR
11   Explain how ratios are used in the interpretation of financial statements and in financial analysis.
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B.Tech IV Year I Semester (R13) Supplementary Examinations June 2017
MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS
(Civil Engineering)

Time: 3 hours   Max. Marks: 70

PART – A
(Compulsory Question)
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1   Answer the following: (10 X 02 = 20 Marks)
   (a) What is marco economics?
   (b) Define law of demand.
   (c) Distinguish between estimation and forecasting.
   (d) What is opportunity cost?
   (e) What is monopoly market?
   (f) What is partnership deed?
   (g) What is capital budgeting.
   (h) Write short note on going concern concept.
   (i) Calculate working capital.
          Stock - Rs.50,000
          Cash - Rs.10,000
          Debtors - Rs.15,000
          Creditors - Rs.30,000
          Bank Overdraft - Rs.5,000.(C06)
   (j) Compute gross profit.
          Opening stock - Rs.60,000
          Purchases - Rs.30,000
          Wages - Rs.5,000
          Sales - Rs. 2,00,000
          Closing Stock - Rs.40,000.

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

UNIT – I

2   Explain demand forecasting methods.
OR
3   Narrate demand determinants for FMCG products.

UNIT – II

4   Quote the law of variable proportion (LVP) with help of graph.
OR
5   Calculate a P/V ratio and BEP.

Year	Sales	Profit
2013	Rs. 2,50,000	Rs. 40,000
2014	Rs. 3,00,000	Rs. 45,000

UNIT – III

6   Explain the different types and significance of financial ratios.
OR
7   What are the features of Sole Trader? Explain merits and demerits.

UNIT – IV

8   A project involves initial outlay of Rs. 2.60,000 its expected life is 5 years. The cash inflows are likely to be as follows.

Years	Cash inflows (Rs.)
1	100000
2	80000
3	70000
4	50000
5	40000

You are required to compute Pay-back period.

OR

9   Determine NPV and Profitability Index.

Description	Cash inflows	PV factor@10%
Initial cash outflow	3,00,000	1.00
1st	90000	0.909
2nd	100000	0.826
3rd	125000	0.751
4th	75000	0.683
5th	110000	0.621
5th scrap value	25000	0.621

UNIT – V

10   From the following information prepare Trading and Profit and Loss account for the year ended 31st Dec. 2007 and Balance sheet as on that date.

Capital	30,000	duty and clearing charges	3,500
Drawings	6,000	Sales	1,28,000
sundry creditors	43,000	Salaries	9,500
Bills payable	4,000	Returns from customers	1,000
Sundry debtors	51,000	Returns to creditors	1,100
Bills receivable	5,000	Commission & travelling exp.	4,700
Loans and advances	12,000	General exp.	2,500
Fixtures and fittings	8,500	Rent paid	2,000
Opening stock	47,000	Commission received	4,000
Cash in hand	900	O.D with bank	6,000
Cash at bank	12,500	Purchases	50,000

Adjustments: (i) Closing stock Rs. 50,000. (ii) Outstanding salaries Rs. 500.

OR

11   Explain briefly solvency and profitability ratios.

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