

**3E1200****3E1200**

**B.Tech. III Sem. (Main) Examination, April/May - 2022**  
**Managerial Economics and Financial Accounting**  
**Common to All Branches**

**Time : 2 Hours****Maximum Marks : 70****Instructions to Candidates:**

*Attempt all ten questions from Part A. All five questions from Part B and three questions out of Five questions from Part C.*

*Schematic diagrams must be shown wherever necessary. Any data missing may suitably be assumed and stated clearly. Units of quantities used/calculated must be stated clearly.*

*Use of following supporting material is permitted during examination (As mentioned in form No.205)*

**PART - A****(word limit 25)****(10×2=20)**

- ✓1. What is dividend pay out ratio?
- ✓2. Define oligopoly.
- ✓3. Explain the relationship b/w. Average cost and Marginal cost with the help of a diagram.
- ✓4. Define production possibility curve.
5. Explain the law of demand.
- ✓6. Distinguish between consumer goods and capital goods. Which of these are final goods?
7. Define price Elasticity of supply.
8. What is fund flow statement?
- ✓9. Distinguish between stock and flow with examples.
- ✓10. Define production function.

**PART - B****(word limit 100)****(5×4=20)**

1. "Economics is an art" Explain. Also explain the basic economic activities of an economy.
2. Explain briefly any three factors which lead to 'Decrease in Demand'.
3. Explain the relationship between ATC, AVC and MC with a suitable example.
- ✓4. "Under perfect competition the seller is a price taker whereas under monopoly he is the price maker". Explain.

- ✓ 5. How will you calculate cash flows from operating activities by direct/indirect method? Explain with example.

### PART - C

(Any three)

(3×10=30)

1. The following trading and profit & loss Account of Fantasy Ltd. for the year 31/3/2000 is given below.

Particular	Rs.	Particular	Rs.
To opening stock	76,250	By sales	5,00,000
"Purchases	3,15,250	"Closing stock	98,500
"Carriage & Freight	2,000		
"Wages	5,000		
"Gross profit b/d	2,00,000		
	<b>5,98,500</b>		<b>5,98,500</b>
To Administratin expenses	1,01,000	By Gross profit b/d	2,00,000
"Selling & Dist expenses	12,000	"Non-Operating incomes :	
"Non - operating expenses	2,000	"Interest on securities	1,500
"Financial Expenses	7,000	"Dividend profit on shares	3,750
Net profit c/d	84,000	"Profit on sales of shares	750
	<b>2,06,000</b>		<b>2,06,000</b>

Calculate :

- Gross profit Ratio.
  - Expenses Ratio.
  - Operating Ratio.
  - Net Profit Ratio.
  - Stock turnover Ratio.
- ✓ 2. What are the capital budgeting techniques explain with suitable example.
3. When the price of a commodity is Rs. 20 per unit, its quantity demanded is 800 units. When its price rises by Rs. 5 per unit, its quantity demanded falls by 20%. Calculate the price elasticity of demand. Is its demand elastic? Give reason for your answer.
4. Given below is the cost schedule of a firm. Its Average Fixed cost is Rs. 20 when it produces 3 units
- |                                   |    |    |    |
|-----------------------------------|----|----|----|
| Output (Q) units                  | 1  | 2  | 3  |
| Average variable cost (AVC) (Rs). | 30 | 28 | 32 |
- Calculate its Marginal cost and Average total cost at each given level of output.
- ✓ 5. Describe the steps involved in the estimation of National Income by income method. State any two precautions that must be taken while estimating national Income by this method.