Code: 13A52501

R13

B.Tech III Year II Semester (R13) Regular Examinations May/June 2016
MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS
(Common to ME, ECE and EIE)

Time: 3 hours

Max. Marks: 70

PART – A
(Compulsory Question)
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1   Answer the following: (10 X 02 = 20 Marks)
   (a) Define the Law of Demand.
   (b) Give examples of complementary goods and substitute goods.
   (c) What are the diseconomies of scale?
   (d) Define production function.
   (e) Define partnership and joint stock company.
   (f) Write about few types of costs.
   (g) What is fixed capital and working capital?
   (h) The cost of a project is Rs. 5, 00, 000/- and the annual cash inflows are 2 lakhs for the next 5 years. What is the payback period?
   (i) Briefly write about capital budgeting.
   (j) Write about any three liquidity ratios.

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

UNIT – I

2 (a) What is relationship of Managerial Economics with other disciplines of management?
   (b) What are the factors that determine the demand for a product or service?
OR
3   What are the different types of Demand Elasticity? Explain them.

UNIT – II

4   Define Law of Variable Proportions. What are the internal and external economics of scale?
OR
5 (a) What are the applications and limitations of Break-Even Analysis?
   (b) A firm has fixed cost of Rs. 50,000/-, selling price is Rs. 100 and variable cost is Rs. 30. Determine the Break-Even point in volume and sales.

UNIT – III

6   What are the different types of Imperfect Competition Market structures? Explain.
OR
7   Explain the Strategy-based Pricing Strategies. Also explain the new economic environment post liberalization.

UNIT – IV

8   What are the different types of Fixed Capital and Working Capital? Give examples.
OR
9   Determine Payback period, ARR and Net present value at a discount factor of 10%.

Description	Adjusted cash inflows
Initial cash out flow	2,50,000
1st year	75,000
2nd year	80,000
3rd year	95,000
4th year	65,000
5th year	85,000
5th year scarp value	50,000

UNIT – V

10   Calculate Debtors turnover and inventory turnover ratios from the following information: (INR)

Debtors opening balance	4,00,000
Debtors closing balance	6,00,000
Credit sales	80%
Opening stock	1,00,000
Closing stock	3,00,000
Total sales (cash + credit)	25,00,000
Gross profit on sales	20%
No. of days in year	360

OR

11   From the following trial balance of Rama as at 31st March 2007, prepare trading and profit and loss account for the year ended 31st March 2007. Trial Balance of Rama (as on 31st March 2007)

Particulars	Debit amount in Rs	Credit amount in Rs
Stock	45,000	
Plant and Machinery	75,000	
Purchases	2,25,000	
Trade charges	10,000	
Carriage inwards	2,500	
Capital		75,000
Carriage outwards	1,500	
Factory rent	1,500	
Discount	350	
Sales		4,20,750
Bills payable		2,000
Insurance	700	
Sunday debtors	60,000	
Office rent	3,000	
Printing and stationery	600	
Travelers salaries	2,800	
Advertising	15,000	
Sunday creditors		15,000
Bills receivables	6,000	
Bad debts provision		200
Drawings	6,000	
Salaries	15,000	
Wages	20,000	
Furniture	7,500	
Coal and gas	1,000	
Cash in hand	2,000	
Cash at bank	12,500	
	5,12,950	5,12,950

Adjustments: (i) Closing stock Rs. 35,000.

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