

B.Tech II Year II Semester (R09) Regular &amp; Supplementary Examinations, April/May 2013

**MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS**

(Common to EIE, E.Con.E and ECE)

Time: 3 hours

Max Marks: 70

Answer any FIVE questions

All questions carry equal marks

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- 1 What is demand? Explain the various factors that influence the demand for a computer.
- 2 What elasticity of demand is important? Explain the factors governing elasticity of demand.
- 3 How are short run and long run identified? What do you understand by long run average cost curve? Explain how it is different from short run average cost curves.
- 4 What are the main features of monopoly? How does it differ from perfect competition?
- 5 Define partnership. What are the differences between a business and company form of organization?
- 6 (a) What is capital? Explain the types and significance of capital.  
(b) Explain the concept of working capital, its features and limitations.
- 7 Journalize the following transactions and prepare ledger accounts in the books of Mr. A. V. Narayana.

2006, June, 1	Commenced business with cash worth Ra 80,000
5	Discount allowed worth Rs 5,000
8	Cash received from Swamy worth Rs 25,000
12	Rama Rao purchased goods worth Rs 6,000
15	Audit fees worth Rs 2,000
18	Received interest from Narayana worth Rs 18,000
24	Bought goods from Prasad and Co. worth Rs 12,000
30	Printing and stationery expenses worth Rs 4,000

- 8 Explain how the capital structure ratios and profitability ratios are calculated. What do you understand?

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Code: 9AHS401

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- 1 Discuss the nature and scope of Managerial economics.
- 2 From the following data, using method of least squares, estimate the sales for the years 2011 and 2012.

Year	2004	2005	2006	2007	2008	2009	2010
Sales (Rs. in Lakhs)	140	100	170	180	200	210	190

- 3 What do you understand by cost-volume-profit analysis? What are its managerial applications? Illustrate any four.
- 4 Compare and contrast between perfect competition and monopoly.
- 5 (a) What are the characteristics of a business unit?  
(b) Explain the features of sole traders' form of business organization.
- 6 What is the importance of capital budgeting? Explain the basic steps involved in evaluating capital budgeting proposals.
- 7 (a) Explain briefly about different types of accounts.  
(b) Define the term 'journal' and explain its advantages and importance.
- 8 How ratios are classified for the purpose of financial analysis? With assumed data, illustrate any two types of ratios under each category.

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- 1 Explain the nature of demand. What could be the different variations in the nature of demand?
- 2 What the methods of forecasting demand?
- 3 (a) What are the managerial applications of BEA?  
(b) A firm has a fixed cost of Rs 5,00,000 selling price per unit is Rs 500 and variable cost per unit is Rs 250. Present level of production is 35,000 units. Calculate  
(i) Breakeven point in terms of volume and sales value.  
(ii) Margin of safety.  
(iii) The change in BEP and margin of safety if fixed costs increase by 10%.
- 4 What is perfect competition? How is market price determined under conditions of perfect competition?
- 5 (a) Differentiate a private and public company.  
(b) What is a joint sector management?
- 6 Explain the concept of capital budgeting and what is its practical utility.
- 7 (a) How are accounts finalized at the end of an accounting period with the help of a trial balance? Illustrate.  
(b) Define financial statements. Explain its objectives and importance.
- 8 What is the importance of ratio analysis?

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- 1 Briefly explain the following:
  - (a) Law of demand and its exceptions.
  - (b) Changes in demand.
- 2 What is demand forecasting? Explain.
  - (a) Test marketing.
  - (b) Controlled experiments as methods of demand forecasting.
- 3 What is break even analysis? How do you determine breakeven point? Illustrate.
- 4
  - (a) Distinguish between perfect and imperfect markets.
  - (b) What are the different market situations in imperfect competition?
- 5 Differentiate between partnership, sole-proprietorship and company form of organizations.
- 6
  - (a) What are the factors determining the working capital requirements?
  - (b) Explain the importance and nature of capital budgeting.
- 7
  - (a) Define the concepts 'accounting, financial accounting and accounting system'.
  - (b) Explain trail balance and its characteristics.
- 8
  - (a) Explain the significance and the computation of liquidity ratio.
  - (b) A firm has sold goods worth Rs.3,00,000 with a gross profit margin of 20%. The stock at the beginning and the end of the year was Rs.35,000 and Rs.45,000 respectively. What is the inventory turnover ratio?

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