

B.Tech III Year II Semester (R13) Supplementary Examinations December 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) What is Law of Demand?
  - (b) Write law of Diminishing Marginal Utility.
  - (c) Explain Cobb Douglas Production Function.
  - (d) Distinguish between Explicit cost and implicit cost.
  - (e) Write features of Imperfect competition.
  - (f) Differentiate Public and Private Company.
  - (g) Explain the meaning and types of capital.
  - (h) Discuss about concept of gross and net working capital.
  - (i) Explain stock turnover ratio.
  - (j) Write differences between journal and ledger.

**PART – B**

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

**UNIT – I**

- 2 Managerial Economics bridges the gap between economic theory and business practice. Explain.

**OR**

- 3 Explain the concept and types of price elasticity of demand.

**UNIT – II**

- 4 What is Isoquant? Explain the various types of Isoquants.

**OR**

- 5 Explain about the cost output relationship in the short run and long run.

**UNIT – III**

- 6 How do you determine the price output under a perfect competition?

**OR**

- 7 Explain the impact of globalization on business.

**UNIT – IV**

- 8 Explain accounting rate of return technique of capital budgeting and write its special features.

**OR**

- 9 Determine the payback period for a project which requires a cash out lay of Rs.24,000 and generates cash inflows of Rs.4,000, Rs.8,000, Rs.8,000 and Rs.10,000 in the first, second, third and fourth years respectively.

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**UNIT – V**

- 10 Calculate the working capital turnover ratio from the following information.

Net capital employed	Rs.4, 00,000
Total Sales	Rs.7, 00,000
Sales returns	Rs.1, 00,000
Net fixed assets	Rs.2, 50,000

There were no long term investments.

**OR**

- 11 Show the effect of the following information in the profit and loss account and Balance sheet, being prepared on March 31, 2004.

Ledger Accounts

	Debit	Credit
Salaries	5,000	----
Establishment expenses	7,700	----
Wages owing	---	250
Unexpired Insurance	300	---
Rent A/c	22,000	---
Plant and Machinery	50,000	---
Land and Building	80,000	---

Adjustments:

- (i) Outstanding salaries amount to Rs.1, 000
- (ii) Prepaid rent amount to Rs.2, 000.
- (iii) The value of plant and machinery be decreased by 10%.
- (iv) The value of land and building increased by 20%
- (v) Establishment expenses for March 2004 are still to be paid.

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