

B.Tech III Year I Semester (R15) Regular Examinations November/December 2017

MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS

(Electronics & Instrumentation Engineering)

Time: 3 hours

Max. Marks: 70

PART – A
(Compulsory Question)

1 Answer the following: (10 X 02 = 20 Marks)

- (a) Define managerial economics.
- (b) What is demand?
- (c) What is production function?
- (d) What is breakeven point?
- (e) What is oligopoly?
- (f) What is globalization?
- (g) Define financial accounting.
- (h) What is liquidity ratio?
- (i) What is capital budgeting?
- (j) What is payback period?

PART – B

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

UNIT – I

2 Write the nature of managerial economics.

OR

3 What are the steps in demand forecasting?

UNIT – II

4 Explain the types of production function.

OR

5 Explain the different types of cost.

UNIT – III

6 Explain the features of perfect competition.

OR

7 Write the features of joint stock companies.

UNIT – IV

8 Write the importance of financial accounting.

OR

9 Calculate the operating financial and combined leverages from the following information.

Sales Rs. 50,000

Variable cost Rs. 25,000

Interest Rs. 5000

Fixed cost Rs. 15,000.

Contd. in page 2

UNIT – V

- 10 The following particulars related to two machine producing identical products.

	Machine A	Machine B
Original cost	Rs. 1,00,000	1,50,000
Working life	5 years	5 years
Profit before depreciation	Rs.	Rs.
I Year	30,000	40,000
II Year	15,000	45,000
III Year	40,000	50,000
IV Year	40,000	24,000
V Year	35,000	71,000
Tax rate	50%	50%

(i) Calculate the return on investments.

(ii) Calculate average rate of return assuming that machines A and B have scrap values of Rs. 10,000 and Rs. 20,000 respectively at the end of the 5th year.

OR

- 11 Excellent Ltd is considering three alternative items of a plant. Estimated cash flows are:

Year	A	B	C
0	20,000	20,000	40,000
1	6,000	12,000	-
2	6,000	14,000	15,000
3	6,000	14,000	15,000
4 to 10	6,000 (p.a.)	-	12,000 (p.a.)

In respect of each project calculate the following and rank them: (i) Payback period. (ii) Return on investment.
