

B.Tech II Year I Semester (R20) Supplementary Examinations April/May 2024

MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS

(Common to CE, EEE and ECE)

Time: 3 hours

Max. Marks: 70

PART – A
(Compulsory Question)

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

- | | | |
|-----|---|----|
| (a) | What is the significance of managerial economics in the decision-making process of a business organization? | 2M |
| (b) | Define the concept of a demand function in managerial economics and provide an example. | 2M |
| (c) | Briefly explain the difference between the short run and long run in production analysis. | 2M |
| (d) | Define isoquants and isocosts. | 2M |
| (e) | Name any two forms of business organizations and briefly explain their characteristics. | 2M |
| (f) | Explain how a monopoly determines both price and output in the market. | 2M |
| (g) | Explain in a nutshell what capital budgeting is and why it is essential for businesses. | 2M |
| (h) | Name two types of working capital and briefly describe the differences between them. | 2M |
| (i) | Explain briefly the nature of financial accounting and its role in business. | 2M |
| (j) | Define double-entry bookkeeping. | 2M |

PART – B

(Answer all the questions: 05 X 10 = 50 Marks)

- 2 What is demand elasticity? Explain the different types and measurements of demand elasticity. 10M

OR

- 3 Explain the nature of managerial economics and how it differs from traditional economics. Discuss their functions and advantages. 10M

- 4 (a) ABC Electronics manufactures and sells a new type of smartphone. The company incurs fixed costs of \$40,000 per month to cover rent, salaries, and other overhead expenses. The variable cost per smartphone is \$150, and each smartphone is sold for \$400. Calculate the break-even point in terms of the number of smartphones ABC Electronics needs to sell to cover its costs. 5M
- (b) Identify two limitations of break-even analysis that managers should be aware of when using it for decision-making. 5M

OR

- 5 What are the characteristics of the Cobb-Douglas production function, and how does it relate to real-world production processes? Differentiate between internal and external economies of scale in production. 10M

- 6 What are the different forms of business organizations? Explain their advantages and disadvantages with examples. 10M

OR

- 7 What is perfect and imperfect competition? What do you understand by monopoly and oligopoly? Explain. 10M

- 8 (a) If a project has an initial investment of \$50,000 and generates cash flows of \$15,000 per year for five years, calculate its NPV. Discount rate = 8%. 5M
- (b) How is NPV technique better than Payback period? Explain. 5M

OR**Contd. in Page 2**

- 9 What are the various sources of short-term and long-term capital for a business? Explain. 10M
- 10 What are the different types of ratios used in financial statement analysis? Give examples for each categories and explain. 10M

OR

- 11 What is the purpose of a trial balance in the accounting process, and when is it prepared? List the three main final accounts prepared in financial accounting, and briefly explain the purpose of each. 10M

B.Tech II Year II Semester (R20) Regular & Supplementary Examinations April/May 2024

MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS

(Common to IT, CSE, AI&DS, CSE(AI&ML), CSE(AI), CSE(IOT), CSE(DS), ME, FT, AI&ML, CSIT, CSD and CSE(CS))

Time: 3 hours

Max. Marks: 70

PART – A
(Compulsory Question)

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

- | | |
|---|----|
| (a) Demand Function. | 2M |
| (b) Need for Demand Forecasting. | 2M |
| (c) Least Cost Combination. | 2M |
| (d) Break-Even Point. | 2M |
| (e) Meaning of PSE (Public Sector Enterprises). | 2M |
| (f) Oligopoly. | 2M |
| (g) NPV (Net Present Value). | 2M |
| (h) Meaning of Working Capital. | 2M |
| (i) Ledger. | 2M |
| (j) Single Entry Book Keeping. | 2M |

PART – B

(Answer all the questions: 05 X 10 = 50 Marks)

- 2 Define 'Managerial Economics'. What are its functions? Explain its importance. 10M
- OR**
- 3 Briefly explain about different types of Elasticity of Demand. 10M
- 4 What are the Economies of Large Scale Production? Explain. 10M
- OR**
- 5 From the following data, calculate : 10M
- (i) Break-even point expressed in amount of sales in rupees.
- (ii) Number of units that must be sold to earn a profit of Rs. 60,000 per year.
- (iii) How many units are to be sold to earn a net income of 10%?
- | | |
|------------------------------|-----------------------|
| Sales | Rs. 20 per unit |
| Variable manufacturing Costs | Rs. 11 per unit |
| Variable selling costs | Rs. 3 per unit |
| Fixed factor overhead | Rs. 5,40,000 per year |
| Fixed selling costs | Rs. 2,52,000 per year |
- 6 Discuss how partnership form of Business is better than sole proprietorship. 10M
- OR**
- 7 Define 'Monopoly'. What are its features? Write the reasons for disappearing Monopoly markets. 10M
- 8 What are the advantages and disadvantages of IRR Method of Capital Budgeting? 10M
- OR**

Contd. in Page 2

- 9 A company is considering to purchase a Machine. Two Machines are available, X and Y, 10M
costing Rs. 50,000 each. Earnings after taxation are expected to be as follows :

Year	Machine X	Machine Y
1	15,000	5,000
2	20,000	15,000
3	25,000	20,000
4	15,000	30,000
5	10,000	20,000

Evaluate the two alternatives according to Pay-Back Period Method.

- 10 Examine the significance and functions of Financial Accounting. 10M

OR

- 11 The following balances are extracted from the books of Kumar & Co. On 31st March, 2007. You 10M
are required to prepare the Trading and Profit and Loss Account and a Balance Sheet as on
that date.

	Rs.		Rs.
Stock on April 1, 2006	500	Commission (Cr.)	200
Bills Receivables	2,250	Return Onwards	250
Purchases	19,500	Trade Expenses	100
Wages	1,400	Office Fixtures	500
Insurance	550	Cash in Hand	250
Sundry Debtors	15,000	Cash in Bank	2,375
Carriage Inward	400	Rent & Taxes	550
Commission (Dr.)	400	Carriage Outward	725
Interest on Capital	350	Sales	25,000
Stationery	225	Bills Payable	1,500
Return Inward	650	Creditors	9,825
		Capital	8,950

The Closing stock was valued at Rs. 12,500.
