

Managerial Economics and Financial Analysis
(For CSE,ECE&EIE)

Instruction	: 3 Periods / week	Continuous Internal Evaluation	: 30 Marks
Tutorial	: --	Semester End Examination	: 70 Marks
Credits	: 3	Semester End Exam Duration	: 3 Hours

Course Objectives:

1. To learn various principles of Business Economics and to make them effective business decision makers.
2. To make the students understand functional areas and potential problems in economics for efficient utilization of resources.
3. To have an overview on market structures, costs and pricing strategies.
4. To understand the basic elements involved in Financial Accounting.
5. To provide fundamental knowledge of Ratio Analysis for effective business decisions.

Unit I- Introduction Managerial Economics, Demand and Demand Forecasting

Economics: Significance of Economics, Distinction between Micro and Macro Economics. Introduction to Managerial Economics, Nature and Scope of Managerial Economics, Multidisciplinary nature of Business Economics.

Demand Analysis: Meaning of Demand, Determinants of Demand, Law of Demand and its exceptions, Elasticity of Demand Elasticity, Types of Elasticity, Measurement and Significance of Elasticity of Demand.

Demand Forecasting: Importance of Demand Forecasting, Methods of Demand forecasting, Characteristics of Good Demand Forecasting method.

Unit II- Theory of Production and Cost Analysis

Production Analysis: Factors of Production, Production Function, Production Function with one variable input, two variable inputs, Least Cost Combination of Inputs -Returns to Scale;

Cost Analysis: Types of Costs, CVP Analysis, Determination of Break Even Point (Simple Problems)

Unit III- Market Structures & Macro Economic Concepts

Market Structures: Nature of Competition, Features of Perfect competition, Monopoly, Monopolistic competition, Oligopoly.

Introduction to Macro Economic concepts useful to Business: National Income, Inflation, Money Supply, Business cycles, phases in Business cycles.



Unit IV- Financial Accounting

Financial Accounting: Accounting concepts and Conventions, Accounting Equation, Double-Entry system of Accounting, Rules for maintaining Books of Accounts, Journal, Posting to Ledger.

Preparation of Trial Balance, Elements of Financial Statements, Preparation of Final Accounts (Simple Problems).

contd...2

Unit V- Financial Analysis through Ratios

Financial Analysis: Meaning, Significance, Methods of Financial Analysis.

Concept of Ratio Analysis, Liquidity Ratios, Solvency/Leverage Ratios, Turnover/Activity Ratios, Profitability Ratios.

Course Outcomes: At the end of the course, the student should be able to

- CO 1: Familiarize with the fundamentals of Economics such as Demand function, Law of demand, Elasticity of demand and Demand Forecasting methods etc.
- CO 2: Evaluate Economies of Scale and the Break-Even Point of the business activity.
- CO 3: Understand the different Market Structures and Macro Economic concepts.
- CO 4: Able to understand the accounting system and preparation of Final Accounts.
- CO 5: Analyze Accounting Statements like Income Statement and Balance Sheet to understand financial performance of the business.

Text Books:

1. Varshney & Maheswari, *Managerial Economics*, Sultan Chand, New Delhi
2. P.L. Mehta, *Managerial Economics*, Sultan Chand, New Delhi
3. S.N. Maheswari and S.K. Maheswari, *Financial Accounting*, Vikas Publishing House.

References:

1. D. Salvatore, *Managerial Economics*, McGraw Hill, New Delhi.
2. Pearson and Lewis, *Managerial Economics* Prentice Hall, New Delhi.
3. Paresh Shah, *Financial Accounting for Management*, Oxford University Press, India
4. Erich A. Helfert, *Techniques of Financial Analysis*, Jaico Publishing House, Mumbai.
5. Aryasri A.R, *Managerial Economics and Financial Analysis*, McGraw Hill, New Delhi.



SHORT ANSWER QUESTIONS

1. Define Managerial Economics
2. Micro Vs Macro economics
3. Define Demand
4. Perishable goods vs Durable goods
5. Types of Demand
6. Demand function
7. Exemptions to the law of demand
8. What is elasticity of Demand
9. What is price elasticity of demand
10. Cross elasticity of demand
11. Substitute Vs complementary goods
12. Point Vs Arc elasticity demand
13. Factors affecting demand forecasting
14. Types of demand forecasting
15. Controlled experiments method
16. Test marketing
17. Sample vs census survey methods
18. Sales force opinion method
19. Analysis of time series
20. Judgmental approach method
21. Moving averages method
22. Cyclical vs seasonal variations

ESSAY QUESTIONS

1. Define Managerial Economics and explain its features.
2. What is the subject matter of macroeconomics?
3. What are the important features of welfare definition?
4. Bring out the interdependence between microeconomics and macroeconomics.
5. Explain demand function.



6. Why does the demand curve slopes downward?
7. Explain Giffen paradox and mention exceptions to law of demand.
8. How do you prepare a hypothetical individual demand schedule and market demand schedule?
9. Managerial economics closely related to other sciences. What are they?
10. Mention responsibilities of a managerial economist.
11. "Managerial economics bridges the gap between economic theory and business practice". Discuss.
12. What is the purpose of demand forecasting? Discuss the factors involved in it.
13. What is demand forecasting? Explain various methods of forecasting?
14. Explain trend projection method demand forecasting with illustration.
15. Explain the various methods of demand forecasting for a new product.

UNIT II

SHORT ANSWER QUESTIONS

1. Define production function
2. Law of variable proportions
3. MRTS
4. Cobb-douglas production function
5. Returns to scale
6. Internal vs external economies of scale
7. Expansion path
8. Fixed costs Vs Variable costs
9. Break Even Analysis
10. P/V ratio
11. Margin of safety
12. Limitations of BEA.

ESSAY QUESTIONS

1. What is production function?
2. Explain the law of variable proportions with a suitable graph.
3. Explain the law of returns to scale.
4. Give any two causes of increasing returns to scale.
5. What is Marginal production (MP) how is it calculated?
6. What do you mean by Marginal Rate of Technical Substitution?
7. Distinguish between fixed and variable costs.



8. Explain the uses of break even analysis.
9. Draw BEP diagram explaining the concept in detail.
10. Fixed cost is Rs.10,000, selling price per unit is Rs.10, and variable cost per unit is Rs.6.
Calculate breakeven point.

UNIT -III

SHORT ANSWER QUESTIONS

1. Define market structure
2. Types of competition
3. What is Monopoly
4. Marginal revenue and Marginal cost
5. What is oligopoly
6. Price discrimination
7. Perfect competition
8. Duopoly
9. Meaning of monopolistic competition
10. Features of perfect competition
11. Features of monopoly
12. Macro economics
13. National income
14. Inflation Vs deflation
15. Business cycles

ESSAY QUESTIONS

1. What is meant by market and what are the various classifications of markets?
2. Describe briefly different types of market structures.
3. What is meant by perfect Competition? How the price is determined in different periods in case of an Industry and a firm.
4. Give different features of the monopoly market.
5. Explain different degrees of price discrimination in case of monopoly.
6. What is meant by monopolistic competition? Give its Characteristics.
7. Give pictorial view of price -output determination under monopolistic competition.
8. What is meant by Oligopoly and how price and output can be determined?
9. Give pictorial view of price -output determination under perfect competition.



- Differentiate GNP and GDP
- What are phases in the Business Cycles

UNIT-IV

SHORT ANSWER QUESTIONS

- Define accounting
- What is double entry book keeping
- Journal, Ledger and Trail Balance
- Accounting cycle
- Business entity concept
- Accounting period concept
- Convention of Conservatism
- Subsidiary books
- Capital Vs Revenue expenditure
- Bad debts
- Trading, Profit & Loss account
- Balance sheet
- Outstanding Expenses
- Closing stock

ESSAY QUESTIONS

- Journalize the following transactions:
- Started business with a capital of Rs. 25,000/-
- Opened a bank account with SBI for Rs. 2000/-
- Paid commission to X for Rs. 300/-
- Purchased goods from K & Co. for cash Rs. 1000/-
- Purchased good from Z for Rs. 2500/-
- Returned goods to Mr. Z for Rs. 500/-
- Received interest on investments for Rs. 400/-
- Paid rent to Landlord Rs. 500/-
- Sold goods to Mr. L. for cash Rs. 2500/-
- Paid carriage on goods sold Rs. 350/-
- Purchased office furniture for Rs. 5000/-



GATE 2016

2. Journalize the following transactions and prepare Mr. S. Dasgupta's account, as it would appear in the books of Sri K. Roy:

1. Sold goods to Mr. Dasgupta Rs.1000/-
2. Received goods from Mr. Dasgupta Rs. 500/-
3. Purchased goods from Mr. Dasgupta Rs. 400/-
4. Paid to Mr. Dasgupta Rs. 300/-
5. Sold goods to Mr. Dasgupta Rs. 2000/-
6. Allowed him discount Rs.200/-
7. He returned goods valued Rs. 300/-
8. Received cash from Mr. Dasgupta Rs. 1000/-
9. Purchased goods from Mr. Dasgupta Rs. 1000/-
10. Discount received from him Rs. 100/-
11. Goods returned to him Rs. 300/-
12. Paid to Mr. Dasgupta Rs. 500/-

3. Prepare a Trial Balance from the following data

Cash A/c	Rs. 6800
Capital A/c	Rs. 5000
Sales A/c	Rs. 1800
Bank O.D	Rs. 3850
Bill Receivable	Rs. 500
Discount Allowed A/c	Rs. 50
Purchases A/c	Rs. 1500
P's A/c	Rs. 1500 Dr
T's A/c	Rs. 1500 Cr
Discount Received A/c	Rs. 50
Salary A/c	Rs. 300
Plant A/c	Rs. 1000
Interest A/c	Rs. 50 Cr
Bank A/c	Rs. 1000
Wages A/c	Rs. 100
Drawings A/c	Rs. 200

4. Prepare a Trading account from the following transactions given below:

	Dr.(Rs)		Cr.(Rs.)
Purchased	18,000	Sales	35,000
Freight	200	Purchase returns	2,000
Opening stock	6,000		
Wages	7,000		
Sales returns	1,000		
Customs duty	200		

taken from the Ledgers of Shri Krishna on 31st March, 2015. Prepare Trading, Profit and Loss A/c and a Balance sheet as on the date.

5. The following balances are



	Rs		Rs.
Sundry creditors	19000	Bad Debts	100
Buildings	15000	Loan from Ram	2500
Income Tax	1025	Sundry Debtors	9500
Loose Tools	1000	Investments	6500
Cash at Bank	16200	Bad debts reserve	1600
Sundry Expenses	1990	Rent & Rates	850
Bank Interest (Cr)	75	Furniture	3000
Purchases	157000	Stock(1-4-2014)	27350
Wages	10000	Capital	47390
Carriage Inwards	1120	Discount Allowed	630
Sales	185000	Dividends received	535
Motor van	12500	Drawings	2000
Cash in Hand	335	Bills payable	10000

Adjustments to be taken into account:

1. On 31-3-2015 stock was valued at Rs. 15,000/- Write-off 5% depreciation on Buildings & 40% on Motor van.
2. Provide for interest at 12% p.a due on Loan taken on 1-6-2014.



UNIT-V

SHORT ANSWER QUESTIONS

1. Define Financial Analysis.
2. Types of ratios
3. Current Ratio
4. Debt-equity ratio
5. Operating ratio
6. Price earnings ratio
7. Earnings per share
8. Inventory turnover ratio
9. Gross profit ratio
10. Limitations of accounting ratios

ESSAY QUESTIONS

1. Alpha Manufacturing Company Ltd. has drawn up the following profit and loss account for the year ended March 31, 2015.

	Rs.		Rs.
To Opening Stock	26,000	By Sales	1, 60,000
To Purchases	80,000	By Closing Stock	38,000
To Wages	24,000		
To Manufacturing Exp.	16,000		
To Gross Profit	52,000		
	1, 98,000		1, 98,000
To Selling and distribution Expenses	4,000	By Gross profit	52,000
To Administrative expenses	22,800	By Profit on sale of land	4,800
To General Expenses	1,200		
To Bad Debts	800		
	56,800		56,800

You are required to find out

- a) Gross Profit ratio b) Operating expenses ratio
- c) Operating profit ratio d) Net profit ratio.



1. Suppose the net sales are Rs.50,000 for a firm and cost of goods sold is Rs.20,000, the details of expenditure are:
 Administrative Expenses Rs.3,000; Selling and distribution expenses Rs.4,000; Loss on sale of asset Rs.3,000; Interest on investment Rs.2,000; Tax @20%.
 Calculate gross, net and operating profit ratios.

3. M/s. Madhuri Sisters present you the following Balance Sheet as on 31.03.2015.

Liabilities		Assets	
Equity share capital	10,00,000	Fixed Assets	10,00,000
Reserve fund	1,00,000	Stock	4,00,000
7% debentures	3,00,000	Debtors	3,00,000
Bank Overdraft	2,00,000	Cash	2,00,000
Creditors	3,00,000		
	19,00,000		19,00,000

Calculate:

- a) Current ratio b) Proprietary ratio c) Quick ratio

4. From the following ratios worked out from financial statements of a Company and standard ratios, make necessary comments useful to the management:

	Actual	Standard
1. Current Ratio	5	2
2. Liquid Ratio	2	1
3. Fixed Assets to proprietor's funds	4	6.7
4. Debtors Velocity	40 days	60 days
5. Stock velocity	7	12
6. Net Profit to Net worth	5	12
7. Fixed assets to turnover	4	6
8. Net worth to turnover	10	15
9. Creditors Velocity	30 days	40 days
10. Gross profit Ratio	25%	25%
11. Net profit to Sales	8%	12%



5. You are given the following information about two companies:

	RP Ltd.	RS Ltd.
Cash	18,000	14,000
Debtors	1,42,000	3,20,000
Inventory	1,80,000	5,40,000
Bills payable	27,000	10,000
Creditors	50,000	40,000
Accrued expenses	15,000	12,500
Tax payable	75,000	10,000

1) Calculate liquidity ratios for two companies

0.60, 0.71

2) Interpret the liquidity position of the companies.





Model question paper

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B.Tech. III Year I Semester I MID MODEL PAPER

Subject: Managerial Economics and Financial Analysis

Branch:

Date

Time: 2 hours

Max. Marks: 40

Part - A

5x2 = 10 marks

Answer all questions

1. Define Managerial Economics [CO1]
2. Substitute Vs complementary goods[CO1]
3. Law of variable proportions[CO 2]
4. P/V ratio[CO 2]
5. What is Monopoly[CO3]

Part - B

3X10 = 30 marks

Answer all questions

6. Define Managerial Economics and explain its nature and scope.[CO1]

OR

7. What is demand forecasting? Explain various methods of forecasting? [CO1]
8. Explain production function with one variable input factor.[CO2]

OR

9. From the following information's find out: a. P/V Ratio b. Sales & c. Margin of Safety
Fixed Cost = Rs.40,000, Profit = Rs. 20,000 , B.E.P. = Rs. 80,000 [CO2]
10. Describe briefly different types of market structures..[CO 3]

OR

- 11.What is monopolistic competition? Give its Characteristics. [CO 3]



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B.Tech. III Year I Semester II MID MODEL PAPER

Subject: Managerial Economics and Financial Analysis

Date:.....2020

Branch:

Time: 2 hours

Max. Marks: 40

Part – A

Answer all questions

5x2 = 10 marks

1. Write a short note on National income. [CO3]
2. Define Accounting. [CO4]
3. What do you mean by Outstanding Expenses[CO 4]
4. What is Liquidity[CO 5]
5. Write about Gross Profit and Net Profit Ratios. [CO5]

Part – B

Answer all questions

3X10 = 30 marks

6. Explain about different phases in the Business Cycles? [CO3]
7. Give pictorial view of price -output determination under perfect competition. [CO3]
8. Journalize the following transaction in the books of Ram. [CO 4]

April-2 Ram started his business with Cash Rs. 70000.

April-3 Deposited in to Bank Rs. 50000.

April-4 Purchased goods for cash from Mr. X Rs. 5000.

April-5 Bought goods on credit from Mr. Y Rs. 6000.

April-6 Returned goods to Mr. Y Rs. 1000.

April 10 Sold goods for cash to Mr. A Rs. 6000.

April-15 Sold goods to Mr. B Rs. 6000.

April-16 Mr. B returns goods Rs. 1000.

April-25 Paid to Mr. Y in full Settlement by Cheque Rs. 4800.

April-26 Received a cheque from Mr. B in full settlement Rs. 4900.

April-30 Paid salary to staff Rs. 5000.

OR

9. The following figures have been extracted from the records of ABC stores a proprietary concern as on 31-12-2016: [CO4]

	Amount(Rs.)	Particulars	Amount(Rs.)
Furniture	15,000	Insurance	6,000
Capital	54,000	Rent	22,000
Cash in hand	3,000	Sundry debtors	60,000



Opening stock	50,000	Sales	6,06,000
Cash at bank	1,44,600	Advertisement	10,000
Purchases	3,00,000	Postage expenses	3,400
Drawings	5,000	Bad debts	2,000
Provision for bad debts	3,000	Printing and stationary	9,000
Salaries	19,000	General charges	13,000
Carriage inwards	41000	Sundry creditors	40,000

Prepare Trading, Profit and Loss account and Balance Sheet after taking into consideration of following Adjustments: Closing stock was Rs. 10,000 b) Outstanding Salary is Rs. 2000.

10. The following are the extracts from the financial statements of Blue and Red Ltd. On 31st March 2001 and 2002 respectively. [CO]

5]

Particulars	31 st March 2001 (Rs.)	31 st March 2002 (Rs.)
Stock	10,000	25,000
Debtors	20,000	20,000
Bills receivables	10,000	5,000
Cash in hand	18,000	15,000
Bills payable	15,000	20,000
Bank overdraft	---	2,000
9% debentures	5,00,000	5,00,000
Sales for the year	Credit sales: 1,50,000 Cash sales: 2,00,000	Credit sales: 1,00,000 Cash sales: 2,00,000
Gross Profit	70,000	50,000

Compute for both the years the following:

- (a) Current ratio
- (b) Quick ratio
- (c) Gross profit ratio
- (d) Debtors turnover ratio and debt collection period

OR

11. From the data calculate : [CO5]

(i) Gross Profit Ratio (ii) Net Profit Ratio (iii) Return on Total Assets

(iv) Inventory Turnover (v) Current Ratio

Sales	25,20,000	Other Current Assets	7,60,000
Cost of sale	19,20,000	Fixed Assets	14,40,000
Net profit	3,60,000	Net worth	15,00,000
Inventory	8,00,000	Debt.	9,00,000
Current Liabilities	6,00,000		





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B.Tech. III Year I Semester Substitute MODEL PAPER
Subject: Managerial Economics and Financial Analysis

Branch:

Date:.....2020

Time: 2 hours

Max. Marks: 40

Part – A

Answer all questions

5x2 = 10 marks

1. What is Price Elasticity of demand? [CO1]
2. List out factors of production [CO2]
3. What is "Market Structure"? [CO 3]
4. Write about Matching Concept [CO 4]
5. What is Current Ratio? [CO5]

Part – B

Answer all questions

3X10 = 30 marks

6. Explain the scope of Managerial Economics. [CO1]

OR

7. Define Production Function and explain with two variable input [CO2]
8. Differentiate GNP and GDP [CO3]

OR

9. Prepare a Trading account from the following transactions given below: [CO4]

	Dr.(Rs)		Cr.(Rs.)
Purchased	18,000	Sales	35,000
Freight	200	Purchase returns	2,000
Opening stock	6,000		
Wages	7,000		
Sales returns	1,000		
Customs duty	200		



10. The following are the extracts from the financial statements of Blue and Red Ltd.; as on 31st March 2016 and 2017 respectively. [CO5]

	<u>31. March 2016</u>	<u>31. March 2017</u>
	Rs.	Rs.
Stock	10,000	25,000
Debtors	20,000	20,000
Bills Receivables	10,000	5,000
Cash in Hand	18,000	15,000
Bills payable	15,000	20,000
Bank overdraft	---	2,000
9% Debentures	5,00,000	5,00,000
Sales for the year	3,50,000	3,00,000
Gross profit	70,000	50,000

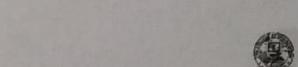
Compute for both the years the following:

- (a) Current Ratio
- (b) Quick Ratio
- (c) Stock Turnover Ratio.

OR

11. Discuss briefly the different type of Ratios.

[CO5]





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B.Tech. III year I Semester Main Model Paper

Subject: Managerial Economics and Financial Analysis

Branch:

Date:2020

Time: 3 hours

Max. Marks: 70

Part – A

10x2 = 20 marks

Answer all questions

1. What is Elastic Demand? [CO1]
2. Differentiate Sample and census survey methods. [CO1]
3. What is Isoquant? [CO2]
4. Mention the advantages of BEA. [CO2]
5. Write two features of oligopoly. [CO3]
6. Define Inflation. [CO3]
7. Write a short note on Accounting Cycle. [CO4]
8. Explain Business Entity concept. [CO4]
9. What is Financial Analysis? [CO5]
10. Current Ratio Vs Quick Ratio. [CO5]

Part – B

Answer all questions

5X10 = 50 marks

1. Define Managerial Economics. Discuss how it helps in solving managerial problems. [CO1]

OR

2. What do you understand by Elasticity of Demand? Explain the Types of it. [CO1]
3. Explain the Law of Returns with suitable examples. [CO2]

OR



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4. ABC Ltd provides the following trading results: [CO2]

YEAR	PROFIT	SALES
2014-2015	10% of sales	25,00,000
2015-2016	8% of sales	20,00,000

You are required to calculate:

- i) Fixed Cost
 - ii) Break Even Point
 - iii) Amount of Profit, if sale is Rs. 30,00,000
 - iv) Sales, when desired profit is Rs. 4,75,000
 - v) Margin of Safety at a profit of Rs. 2,70,000
5. Differentiate Perfect and Imperfect Markets. [CO3]

OR

6. What is a Business Cycle? Discuss the stages of it. [CO3]
 7. Explain Accounting Concepts and Conventions. [CO4]

OR

8. Prepare trading and profit and loss account for the year ending 31.12.2012 and a balance sheet as on that date from the following trial balance. Also adjust details given at the end of trial balance. [CO4]

particulars	debit(Rs.)	credit(Rs.)
Sales		1,25,000
purchases	78,000	
Sales return	2,700	
Purchase returns		3,600
Discount received		1,250
Discount allowed	1,850	
Opening stock	6,675	
Salaries	23,000	
electricity	1,500	
Rent	1,000	
Sundry expenses	2,350	
Land	50,000	
Building	15,000	
Cash	10,810	
Debtors	11,420	
Bank overdraft		425
Creditors		7,750
Capital		55,000



drawings	5,220	
Long term loan		16,500
Total	2,09,525	2,09,525

Adjust the following:

1. closing stock Rs. 15,000
2. outstanding salaries Rs. 2,000
3. prepaid rent Rs. 1,000
4. depreciation on building at 10% per annum.

9. From the following balance sheet of ABC Co. Ltd., calculate the following ratios: company's sales are: credit sales- Rs. 4,00,000 & cash sales – 5,00,000 and credit purchases Rs. 8,50,000
 (a) current ratio (b) quick ratio (c) net profit ratio (d) debt – equity ratio (e) creditors turnover ratio & credit payment period.

Balance sheet of ABC Co. Ltd. As on 31.12.2014

[CO5]

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Equity share capital	15,00,000	Plant and machinery	9,75,000
Debentures	4,00,000	stock	5,50,000
Creditors	2,00,000	debtors	5,50,000
Outstanding expenses	1,00,000	Cash in hand	3,75,000
Net profit	1,00,000	Prepaid expenses	50,000
Bank loan(long term)	2,00,000		
Total	25,00,000		25,00,000

20. Ratio Analysis is a tool for Financial Analysis—Discuss.

[CO5]





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R18

B Tech III Year I Sem. Main Examinations January - 2021 (2018 Batch)

Subject: Managerial Economics and Financial Analysis

Branch: CE, EEE, ME & IT

Time: 3 hours

**Max. Marks: 70
(10x2= 20 Marks)**

PART – A

(Answer ALL Questions)

1. Explain significance of economics. (CO1)
2. Give examples for exceptions to Law of demand. (CO1)
3. Explain Production function. (CO2)
4. Distinguish between fixed and variable costs. (CO2)
5. Explain features of Oligopoly market. (CO3)
6. Explain about Business cycle. (CO3)
7. What is double entry system of accounting? (CO4)
8. Explain current assets and current liabilities. (CO4)
9. Explain the importance of current ratio. (CO5)
10. Explain about ROI. (CO5)

(5x10 = 50 Marks)

(Answer ALL questions)

11. What is Managerial Economics? Explain the nature and scope of Managerial Economics. (CO1)

[OR]

12. Explain about types of price elasticity of demand with suitable examples. (CO1)

13. Explain Production function with two variable inputs. (CO2)

[OR]

14. What is CVP Analysis? Discuss its managerial uses. (CO2)

15. What are the features of Monopoly? Explain the Price output relationship in monopoly competition. (CO3)

[OR]

16. Explain inflation. Discuss the how inflation impacts the business. (CO3)

17. Explain the various Accounting concepts. (CO4)

[OR]

18. Transactions during the month were as follows. (CO4)

2020

		Rs.
Jan. 2	bought goods from Prasad	27,000
Jan. 3	Sold to Sharma	30,000
Jan. 5	Bought goods from Lal, paid by cheque	36,000
Jan. 7	Cash taken for personal use	2,000
Jan. 13	Received from Zakir	23,500
Jan. 17	Amount Paid to Sony	29,200



Jan. 22	Paid cash for stationery	500
Jan. 29	Paid to Prasad by cheque	26,500
Jan.30	Rent paid to landlord	2000

Journalize the above transactions in the books of Rajan & Co

P.T.O

19. What is ratio analysis? Discuss the uses and limitations of Ratio Analysis.
(CO5)

[OR]

20. The following are the extracts from the financial statements of Blue and Red limited as on 31st March, 2020. (CO5)

	<u>31.03.2020</u>	<u>Rs.</u>
Sales for the Year	3,00,000	
Gross Profit	50,000	
Stock	25,000	
Debtors	20,000	
Bills Receivable	5,000	
Cash in Hand	15,000	
Bills Payable	20,000	
Bank overdraft	2,000	
9% Debentures	5,00,000	

Compute the following ratios and interpret them

- a) Current Ratio b) Quick Ratio c) Stock Turnover Ratio
b) Debtors turnover ratio e) Gross Profit Ratio.

[OR]

[OR]