III B. Tech II Semester Regular Examinations, June-2022
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Civil Engineering)

Time: 3 hours   Max. Marks: 75

Answer any **FIVE** Questions **ONE** Question from **Each unit**
All Questions Carry Equal Marks
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UNIT-I
1.   a)   Define Managerial Economics. Discuss its scope in detail.   [8M]
    b)   What is Demand schedule? Illustrate with suitable example.   [7M]

(OR)

2.   a)   Explain the relationship of Managerial Economics with other subjects.   [8M]
    b)   Explain the concept of Law of Demand and illustrate it by a schedule and graph.   [7M]

UNIT-II
3.   a)   Illustrate the theory of law of variable proportions in detail.   [8M]
    b)   Define cost. Classify the different cost concepts used in the process of Cost Analysis.   [7M]

(OR)

4.   a)   Define Production Function. Illustrate how a producer can find it useful.   [8M]
    b)   List out the assumptions in Break even Analysis. Illustrate how Break even Analysis is used by managers in their day-to-day operations?   [7M]

UNIT-III
5.   a)   What do you understand by Theory of Firm? Illustrate the main features of the Theories of Firm as given by Williamson?   [8M]
    b)   Compare and contrast perfect and imperfect markets.   [7M]

(OR)

6.   a)   Explain any four methods of pricing based on strategy.   [8M]
    b)   Illustrate the price determination in case of Monopoly.   [7M]

UNIT-IV
7.   a)   Write Journal Entries for the following transactions: [8M]
        Jan 1st...Commenced Business with cash Rs.10000
        Jan 5th...Paid cash into Bank Rs.4000
        Jan 8th...Purchased goods for cash Rs.6000
        Jan 12th...Paid for postage Rs.500
        Jan 18th ...Sold goods to Suresh for Rs.4000
        Jan 24th...Purchased Furniture for Rs.7000
        Jan 28th...Received interest on investments Rs.800
        Jan 30th...Withdrew cash from Bank Rs.3000

b) Explain the uses and limitations of Cash Flow Analysis. [7M]

(OR)

8. a) What is the Principle of Double Entry Book Keeping? Discuss its advantages. [8M]

b) What is Trial Balance? Explain the methods of preparation of Trial Balance. [7M]

UNIT-V

9. a) What is capital budgeting? Illustrate the various capital budgeting decisions. [8M]

b) Compare and contrast Capital and Capitalization. [7M]

(OR)

10. a) Calculate Pay Back Period from the following information: [8M]
    Initial investment Rs.10,00,000. The cash inflows are as following:
    Year 1...Rs.200000, Year 2...Rs.300000, Year 3...Rs.400000, Year 4...Rs.100000

b) Illustrate the concept of Time Value of Money with suitable examples. [7M]

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UNIT-I

1. a) Define Managerial Economics. Discuss its nature in detail. [8M]
    b) What is the concept of Demand? Explain the various types of demand. [7M]

(OR)

2. a) Define Managerial Economics. Illustrate how it helps in solving managerial problems. [8M]
    b) What is demand function? How do you determine it? [7M]

UNIT-II

3. a) Define production function. Explain the significance of production function. [8M]
    b) From following details, an XYZ company wants to calculate its (i) Break Even Point of Production and (ii) Margin of Safety during the years 2000 and 2021: [7M]

	2000	**2021**
Sales	Rs.200000	Rs.250000
Net Profit	Rs.20000	Rs.30000

(OR)

4. a) Explain the laws of Returns with appropriate examples. [8M]
    b) Interpret the Managerial significance and Limitations of Break Even Point. [7M]

UNIT-III

5. a) Illustrate how the price and output is determined in perfect competition. [8M]
    b) List out the important documents which are used in the process of registration of joint stock company. [7M]

(OR)

6. a) Illustrate the various methods of pricing used in production process. [8M]
    b) Define business cycle? List out the features of Business Cycles. [7M]

UNIT-IV

7. a) What is ledger? Describe the features and advantages of the ledger. [8M]

b) Prepare Trial Balance from the following particulars as on 31st [7M]
March 2022:
Cash in hand..Rs.2000, Buildings..Rs.12000, Debtors..Rs.16000
Creditors..Rs.20000, Opening stock..Rs.8000, Salaries..Rs.9000,
Furniture..Rs.2000, Bank over draft..Rs.15000, Rent..Rs.2000,
Commission Received Rs.2000, Cash at bank..Rs.6000,
Bills Receivable..Rs.Rs.4000, Capital..Rs.40000, Postage..Rs.500
Interest..Rs.1000, Investments..Rs.7500, Lands..Rs.10000, Bills
payable..Rs.3000.

(OR)

8. a) Illustrate the various types of Profitability Ratios in detail. [8M]
   b) What is funds flow analysis? Illustrate the transactions affecting [7M]
   flow of funds.

UNIT-V

9. a) Discuss the benefits of capital budgeting decisions in detail. [8M]
   b) Distinguish between a firm's capital budgeting decisions and its [7M]
   financing decisions by giving examples of each.

(OR)

10. a) Explain the procedure of calculating NPV with imaginary values. [8M]
    b) What is capital budgeting? Discuss its uses in detail. [7M]

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UNIT-I
1. a) Distinguish between Micro and Macroeconomic concepts.   [8M]
    b) What is Demand Forecasting? Explain various factors involved   [7M]
        in Demand Forecasting.

(OR)

2. a) Explain the concept of Supply. Summarize Law of Supply with   [8M]
        suitable Diagram.
    b) Define Elasticity of Demand. Explain various types of Elasticity   [7M]
        of Demand.

UNIT-II
3. a) What is least cost input combination and how does a producer   [8M]
        attain equilibrium at this combination?
    b) Which type of business can take advantage of economies of   [7M]
        scale? Discuss in detail.

(OR)

4. a) Explain the Managerial significance and Limitations of Break   [8M]
        Even Analysis.
    b) Evaluate how we can use the tool of Isoquant and Isocost in the [7M]
        Production.

UNIT-III
5. a) Define monopolistic competition and explain how the price is   [8M]
        determined in case of Monopolistic competition.
    b) What is Sole Trading Business? Explain its merits and demerits. [7M]

(OR)

6. a) Illustrate any Four methods of Pricing in detail.   [8M]
    b) Discuss the salient features of Joint Stock Company.   [7M]

UNIT-IV
7. a) Define Accounting. Explain the principles of Accounting.   [8M]

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b) The following balances were extracted from the books of ABC Ltd [7M] on 31sr March 2020:

DEBIT	Rs.	CREDIT	Rs.
Purchases	75000	Capital	60000
Returns inwards	2000	Sales	120000
Opening Stock	10000	Creditors	30000
Carriage inwards	4000	Returns outwards	1000
Wages	2000		
Investments	10000		
Bank charges	1000		
Land	30000		
Machinery	30000		
Furniture	10000		
Buildings	15000		
Cash at Bank	18000		
Cash in Hand	4000		
	211000		211000

Additional Information
  (i) Closing Stock   Rs.16000
  (ii) Depreciate Machinery by 10% and Buildings by 5%
  (iii) Outstanding Wages Rs.500
Prepare Trading Account, Profit and Loss Account for the year ending 31st March 2020 and Balance Sheet as on that date.

(OR)

8. a) How do you analyze and Interpret Financial Statements? [8M]
   b) What is Funds Flow Analysis? Explain the uses of Funds Flow Analysis. [7M]

UNIT-V

9. a) Distinguish between a Firm's Capital Budgeting Decisions and its Financing Decisions by giving examples of each. [8M]
   b) A Firm has many projects. It wants to earn at least 10% per annum on this project with the following Cash in Flows. Calculate Net Present Value and Give your comment whether to Recommend or Not? The Initial Investment on the project is Rs.100000: [7M]

Year	1	2	3	4	5
Cash Inflows (Rs.)	20000	30000	40000	40000	50000

(OR)

10. a) Describe the Discounted Cash Flow Techniques of Capital Budgeting. [8M]
    b) Explain the Process of calculating Internal Rate of Return with Imaginary Values. [7M]

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UNIT-I

1. a) Discuss the Nature and Scope of Managerial Economics. [8M]
   b) How do you express Demand Function? [7M]

(OR)

2. a) What do you understand by Managerial Economics? What is the Scope of it? [8M]
   b) Describe the qualitative methods of Demand Forecasting. [7M]

UNIT-II

3. a) What is Isoquant? How are Isoquant Curves classified? [8M]
   b) From the following information calculate the required output level to make a profit Target of Rs.24000. Selling Price per unit Rs.50, Variable Cost per unit Rs.30. The Fixed Costs for the period are Rs.90000. [7M]

(OR)

4. a) What is Production Function with two variable inputs? Illustrate your answer with example. [8M]
   b) Show Cost Output relationship in the short run indicating the behavior of Marginal Cost, Average Total Cost, Average variable cost and Average Fixed Cost. [7M]

UNIT-III

5. a) What is Monopolistic Competition? State its Features. [8M]
   b) State the Conditions under which Penetration and Skimming Pricing strategies can be followed. [7M]

(OR)

6. a) Examine critically the Merits and Limitations of Partnership Organization. [8M]
   b) What are the differences between Monopoly and Perfect Competition? [7M]

UNIT-IV

7. a) Illustrate various Turnover Ratios with assumed Data. [8M]
   b) What are the Different methods used for Interpretation of Financial Statements. [7M]

(OR)

8. a) Discuss the Importance of Capital Structure Ratios in detail. [8M]

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b) ABC Limited presents the following information and you are required to calculate the Funds from operations: [7M]

PROFIT AND LOSS ACCOUNT

	Rs.		Rs.
To Operation Expenses	100000	By Gross Profit	200000
To Depreciation	40000	By gain on sales	
To Loss on sale of Building	10000	of plant	20000
To Advertisement Suspense	5000		
To Discount Allowed	500		
To Discount on issue of Shares written off	500		
To Goodwill written off	12000		
To Net Profit	52000		
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	220000		220000
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UNIT-V

9. a) Outline the significance of capital budgeting. [8M]
   b) Determine the Average Rate of Return for a project which requires cash outlay of Rs.100000 and generates cash inflows of Rs. 2000, 4000, 3000, and 2000 respectively for the First, Second, Third and Forth years. [7M]

(OR)

10. a) What are the various sources of Raising Capital? Discuss in detail. [8M]
    b) The Initial cash outlay of a project is Rs. 50000, and it generates cash inflows of Rs. 20000, Rs.15000, Rs.25000 and Rs.10000 in four years. Using Profitability Index Method appraise profitability of the proposed Investment assuming 10% rate of discount. [7M]

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