Code No: RR310106 **Set No.1**

III B.Tech. I Semester Supplementary Examinations, May -2005
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to Civil Engineering, Mechanical Engineering, Metallurgy & Material Technology, Production Engineering and Bio-Technology)

Time: 3 hours **Max Marks: 80**

Answer any FIVE Questions
All Questions carry equal marks

⋆ ⋆ ⋆ ⋆ ⋆

1. Managerial economics is the study of the allocation of resources available to a firm or other unit of Management among the activities of that unit. Explain.

2. What is meant by production? Define production function. How is it useful for manufacturer.

3. Sales are Rs.1,10,000 producing a profit of Rs.4000 in period-I Sales are Rs.1,50,000 producing a profit of Rs.12000 in period-II. Determine BEP and fixed Expenses.

4. Define Monopoly. How is price under Monopoly determined?

5. What do you mean by Sole Proprietorship? Explain its merits and limitations

6. What are the components of working capital? Explain each of them.

7. What do you understand by Double Entry Book Keeping? What are its advantages?

8. Following is the Balance Sheet of XYZ company as on 31^{st} Dec 2000

Liabilities	Rs.	Assets	Rs
Equity share capital	20,000	Goodwill	12,000
Capital Reserve	10,000	Fixed assets	28,000
8% loan on mortgage	16,000	Stocks	6,000
Trade Creditors	8,000	Debtors	6,000
Bank overdraft	6,000	Investments	2,000
		Cash in hand	6,000
	60,000		60,000

Sales amounted to Rs.1,20,000. Calculate ratios for

(a) testing liquidity and

(b) Solvency of the company.

⋆ ⋆ ⋆ ⋆ ⋆

Code No: RR310106

Set No.2

III B.Tech. I Semester Supplementary Examinations, May -2005
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to Civil Engineering, Mechanical Engineering, Metallurgy & Material Technology, Production Engineering and Bio-Technology)

Time: 3 hours **Max Marks: 80**

Answer any FIVE Questions
All Questions carry equal marks

⋆⋆⋆⋆⋆

1. What is managerial economics? Explain its focus areas
2. Explain the following with reference to production function,
   (a) Marginal rate of Technical substation
   (b) Variable proportions of factors
3. What is opportunity Cost? Give some examples of opportunity cost. How are these costs relevant for managerial decisions?
4. Compare and contrast between perfect competition and monopoly.
5. Define a Public Enterprise? What are its types? Explain in brief.
6. What do you understand by working capital cycle and what is its importance?
7. From the following Trial Balance and adjustments of Gopal, Prepare Trading Account and Profit and Loss Account for the year ending 30^{th} September, 2002 and Balance sheet as on that date.

	Dr. Rs.	Cr. Rs.
Loan from BankSundry debtors	64,000	84,000
Stock (1.10.2002)	44,000	
Cash in hand	70	
Cash in bank	3,090	
Plant and machinery	35,000	
Sundry creditors		21,300
Trade expenses	2,150	
Sales		2,69,000
Salaries	4,450	
Carriages outwards	800	
Rent	1,800	
Bills payable	2,37,740	
Purchases	2,200	
Discounts	69,000	
Business premises	69,000	
Capital (1.10.2001)		1,59,000
	5,33,300	5,33,300

Adjust the following

(a) Closing stock Rs.25,000

(b) Rent prepaid was Rs. 200

(c) Depreciated plant and machinery @ 20 per cent per annum

8. From the following extract of a balance sheet of an Airlines company calculate the debt equity ratio and interest coverage ratio. Given that the debt equity ratio is in the range of 10:1 , how do you interpret this ratio ?

50,000 , 10% preference shares of	Rs.100 each
2,00,000 equity shares of	Rs.10 each
10% ,30,000 debentures of	Rs.100 each
Net profit during the year was	Rs. 10,00,000

⋆⋆⋆⋆⋆

III B.Tech. I Semester Supplementary Examinations, May -2005
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to Civil Engineering, Mechanical Engineering, Metallurgy & Material Technology, Production Engineering and Bio-Technology)

Time: 3 hours **Max Marks: 80**

Answer any FIVE Questions
All Questions carry equal marks

⋆ ⋆ ⋆ ⋆ ⋆

1. (a) What are the possible approaches to forecasting demand for new products?
   (b) Discuss the Utility of demand forecasting.
2. (a) What are isocosts and isoquants? Do they intersect each other?
   (b) Explain Cobb-Douglas production function.
3. You are given the following information about two companies in 2000.

Particulars	Company A	Company B
Sales	Rs.50,00,000	Rs.50,00,000
Fixed Expenses	Rs.12,00,000	Rs.17,00,000
Variable Expenses	Rs.35,00,000	Rs.30,00,000

   A friend seeks your advice as to which company's shares he should purchase. Assuming the Capital invested is equal for the two companies, state the advice that you will give.
4. Compare and contrast between perfect competition and monopoly.
5. Explain the features of sole trader form of organization. Discuss the advantages and limitations of sole trader form of organization.
6. Consider the case of the company with the following two investment alternatives each costing Rs. 9 lakhs. The details of the cash inflows are as follows;

	Rs.In Lakhs.	
	Project 1	Project 2
year 1	3	6
2	5	4
3	6	3

   the cost of capital is 10 % per year. Which one will you choose
   (a) under NPV method
   (b) under IRR method
7. What do you understand by Double Entry Book Keeping? What are its advantages?

8. What are the limitations of Ratio Analysis? Does ratio analysis real measurements the financial performance of a company?

⋆⋆⋆⋆⋆

Code No: RR310106

Set No.4

III B.Tech. I Semester Supplementary Examinations, May -2005
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to Civil Engineering, Mechanical Engineering, Metallurgy & Material Technology, Production Engineering and Bio-Technology)

Time: 3 hours **Max Marks: 80**

Answer any FIVE Questions
All Questions carry equal marks

⋆ ⋆ ⋆ ⋆ ⋆

1. Define income - elasticity of demand. How does income - elasticity differ from price elasticity of demand?

2. Why does the Law of Diminishing Returns operate? Explain with the help of a diagram.

3. Write short notes on:
   Fixed cost and variable cost

4. What is Perfect Competition? How is Market Price determined under conditions of Perfect Competition?

5. Explain the merits and demerits of different forms of Business organization and their suitability with different types of business Activities.

6. What are the merits and limitations of Pay Back period? How does Discounting approach overcome the limitations of Pay back method?

7. From the following Trial Balance and adjustments of Gopal, Prepare Trading Account and Profit and Loss Account for the year ending 30^{th} September, 2002 and Balance sheet as on that date.

	Dr. Rs.	Cr. Rs.
Loan from BankSundry debtors	64,000	84,000
Stock (1.10.2002)	44,000	
Cash in hand	70	
Cash in bank	3,090	
Plant and machinery	35,000	
Sundry creditors		21,300
Trade expenses	2,150	
Sales		2,69,000
Salaries	4,450	
Carriages outwards	800	
Rent	1,800	
Bills payable	2,37,740	
Purchases	2,200	
Discounts	69,000	
Business premises	69,000	
Capital (1.10.2001)		1,59,000
	5,33,300	5,33,300

Adjust the following

(a) Closing stock Rs.25,000
(b) Rent prepaid was Rs. 200
(c) Depreciated plant and machinery @ 20 per cent per annum

8. Following is the Profit and Loss Account and Balance Sheet of Jai Hind Ltd. Calculate the following ratios:

(a) Gross Profit Ratio
(b) Current Ratio
(c) Liquidity ratio.

ProfitandLossAccount

Dr.			Cr.
Liabilities	Rs.	Assets	Rs.
To Opening stock of finished goods	1,00,000	By Sales	8,00,000
To Opening stock of raw materials	50,000	By Closing stock of raw materials	1,50,000
To Purchase of raw materials	3,00,000	By closing stock of finished goods	1,00,000
To manufacturing Expences	1,00,000	By Profit orsale of shares	50,000
To Administration Expences	50,000		
To Selling and distribution expenses	50,000		
To Loss on sale of plant	55,000		
To Interest on debentures	10,000		
To Net profit	3,85,000		
	11,00,000		11,00,000

BalanceSheet

Liabilities	Rs.	Assets	Rs.
Share Capital :		Fixed Assets	250000
Equity Share capital	100000	Stock of raw materials	150000
Preference share capital	100000	Stock of finished goods	100000
Reserves	100000	Sundry debtors	100000
Debentures	200000	Bank balance	50000
Sundry creditors	100000		
Bills payable	50000		
	650000		650000

⋆ ⋆ ⋆ ⋆ ⋆