Set No. 1

II B.Tech II Semester Supplimentary Examinations, Apr/May 2008
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to Electrical & Electronic Engineering, Electronics &
Communication Engineering, Computer Science & Engineering, Electronics
& Instrumentation Engineering, Bio-Medical Engineering, Information
Technology, Electronics & Control Engineering, Mechatronics and
Computer Science & Systems Engineering)

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

Answer any FIVE Questions
All Questions carry equal marks
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1. Elaborate the importance of managerial economics in decision making. [16]

2. Explain and illustrate the following: and also mention why do they arise

    (a) The Law of constant Returns.

    (b) The Law of increasing Returns. [8+8]

3. A company prepares a budget to produce 3 lakh units, with fixed costs as Rs.15
   lakhs and average variable cost of Rs.10 each . The selling price is to yield 20%
   profit on cost. you are required to calculate

    (a) P/V ratio.

    (b) Break even point. [8+8]

4. What is a Market? Explain, in brief, the different Market structures. [4+12]

5. Write a short notes on

    (a) Departmental undertaking

    (b) Government company

    (c) Public corporation. [5+6+5]

6. A company is considering two investment opportunities (A and B) that cost Rs.4,00,000
   and Rs.3,00,000 respectively. The first project generates Rs. 1,00,000 a year for
   four years. The second generates Rs. 60,000, Rs.1,00,000, Rs.80,000 Rs. 90,000
   and Rs.70,000 over a five year period . The company's cost of capital is 8%. Which
   project will you choose under NPV method? [16]

7. Prepare Trading and Profit and Loss account for the year ended 31.12.2003 and a
   Balance Sheet as on that date from the following Trial Balance.

	Debit Rs.	Credit Rs.
Purchases	45,000	
Debtors	60,000	
Interest earned		1,200
Salaries	9,000	
Sales		96,300
Purchases returns		1,500
Wages	6,000	
Rent	4,500	
Sales returns	3,000	
Bad debts written off	2,100	
Creditors		36,600
Capital		31,800
Drawings	7,200	
Printing and Stationery	2,400	
Insurance	3,600	
Opening stock	15,000	
Office Expense	3,600	
Furniture and fittings	6,000	
	1,67,400	1,67,400

Adjust the following

(a) closing stock Rs.20,000

(b) Write off furniture @ 15% per annum.   [16]

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	[16]

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Set No. 2

II B.Tech II Semester Supplimentary Examinations, Apr/May 2008
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
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& Instrumentation Engineering, Bio-Medical Engineering, Information
Technology, Electronics & Control Engineering, Mechatronics and
Computer Science & Systems Engineering)

Time: 3 hours   Max Marks: 80

Answer any FIVE Questions
All Questions carry equal marks
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1. Elaborate the importance of managerial economics in decision making.   [16]

2. Explain and illustrate the following: and also mention why do they arise

   (a) The Law of constant Returns.

   (b) The Law of increasing Returns.   [8+8]

3. What are the components in a 'break even chart'? How is it prepared ? What are
   the assumptions for adopting 'Break even theory'?   [5+5+6]

4. (a) What are the main features of Monopoly? How does it differ from Perfect
       Competition?

   (b) What are the various forms of discrimination? Under what conditions price
       discrimination can be practiced?   [8+8]

5. What are the reasons for Joint Stock Companies being popular as a form of business
   Organization? Explain. Why some companies with good beginning disappear
   slowly?   [16]

6. Given that a project yields the following cash inflows for six years at an original
   cost of Rs.50,000,   [16]

Year	Cash inflows after taxes Rs.
1	10,000
2	16,000
3	24,000
4	30,000
5	3,00,000
6	30,000

7. Jounalise the following transactions and post them to ledger.   [16]
    1. Ram invests Rs. 10,000 in cash.
    2. He bought goods worth Rs. 2,000 from Shyam.
    3 He bought a machine for Rs. 5,000 from Lakshman on account
    4. He paid to Lakshman Rs. 2,000
    5. He sold goods for cash Rs. 3,000
    6. He sold goods to A on account Rs. 4,000
    7. He paid to Shyam Rs. 1,000
    8. He received amount from A Rs. 2,000

8. The following data is extracted from the financial statements of a firm dealing in fertilizers. The fertilizer business in general has an inventory ratio of six times. Determine and interpret the following ratios

    (a) Inventory turnover ratio

    (b) Average period of holding the stocks

    (c) Debtor's Turnover Ratio.

Credit Sales   Rs. 8,00,000
Sales returns   Rs. 90,000
Average Debtors   Rs. 1,40,000   [5+6+5]

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Set No. 3

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MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
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Time: 3 hours   Max Marks: 80
Answer any FIVE Questions
All Questions carry equal marks
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1. Discuss the nature and scope of Managerial economics.   [8+8]

2. Explain and illustrate the following: and also mention why do they arise

    (a) The Law of constant Returns.

    (b) The Law of increasing Returns.   [8+8]

3. If actual sales are 10,000 units and selling price is Rs.20 per unit, variable cost Rs.10
   per unit and fixed cost is Rs.80,000 find out BEP in units and in sales revenue.
   What is profit earned? What should be the sales required for earning a profit of
   Rs.60,000?   [5+5+6]

4. (a) What are the main features of Monopoly? How does it differ from Perfect
       Competition?

    (b) What are the various forms of discrimination? Under what conditions price
        discrimination can be practiced?   [8+8]

5. Write short notes on:

    (a) Sole Trader

    (b) Statutory corporation

    (c) Departmental organisation and

    (d) private limited companies.   [4+4+4+4]

6. Define 'Accounting rate of return' 'and Pay back period method'? Compare and
   contrast the two.Illustrate with assumed data.   [16]

7. From the following Trial Balance and adjustments of Suresh, Prepare Trading and
   Profit and Loss Account for the year ending 30th June, 2002 and a Balance sheet
   as on that date.

	Debit Rs.	Credit Rs.
Purchases	1,77,700	
Discount	13,000	
Wages	65,000	
Sales		3,00,000
Travelling expenses	5,000	
Carriage	2,750	
Insurance	1,500	
Commission	3,250	
Rent and rates	5,000	
Cash in hand	2,500	
Cash at bank	27,250	
General expenses	2,500	
Repairs	1,050	
Mortgage		30,500
Mortgage interest	1,500	
Buildings	60,000	
Opening stock	57,500	
Capital		1,06,500
Debtors	32,500	
Creditors	55	21,000
	4,58,000	4,58,000

Adjust the following:

(a) Closing stock Rs. 30,000

(b) Write off depreciation on buildings @ 20% per annum.

(c) Rent and rates paid in advance. Rs.200.   [16]

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   [16]

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Code No: RR220201

Set No. 4

II B.Tech II Semester Supplimentary Examinations, Apr/May 2008
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to Electrical & Electronic Engineering, Electronics &
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& Instrumentation Engineering, Bio-Medical Engineering, Information
Technology, Electronics & Control Engineering, Mechatronics and
Computer Science & Systems Engineering)

Time: 3 hours   Max Marks: 80

Answer any FIVE Questions
All Questions carry equal marks
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1. Explain briefly the following methods of forecasting demand.

   (a) Barometric method

   (b) Expert opinion method

   (c) Time series analysis

   (d) End user method   [4+4+4+4]

2. (a) Distinguish between returns to factors and returns to scale.

   (b) Explain laws of Returns.   [8+8]

3. What are the components in a 'break even chart'? How is it prepared ? What are
   the assumptions for adopting 'Break even theory'?   [5+5+6]

4. Define Markets? Elaborate how differently are markets classified?   [4+12]

5. Write a short notes on

   (a) Departmental undertaking

   (b) Government company

   (c) Public corporation.   [5+6+5]

6. Define 'Accounting rate of return' 'and Pay back period method'? Compare and
   contrast the two.Illustrate with assumed data.   [16]

7. From the following trial balance taken from the books of Saravanan, prepare Trad-
   ing and Profit & loss A/C for the year ending 31st March 2004 and balance sheet
   as on that date :

	Dr, Rs.	Cr Rs.
Drawings and Capital	12,000	80,000
Opening Stock	12,000	
Investments	30,600	
Salaries	12,000	
Carriage	3,000	
Returns	6,000	2,600
Loans	2,400	10,000
Purchases and Sales	1,20,400	1,60,000
Debtors and Creditors	60,000	25,000
Discounts allowed	2,200	
Cash	16,400	
Wages	28,000	
Bank over draft		27,000
	3,04,600	3,04,600

Adjustments:

1. Closing stock was valued at Rs 1,50,000

2. Salaries were outstanding by Rs. 3,000.

3. Depreciate investment @ 10%. [16]

8. The following are the extracts from the financial statements of Blue and Red Ltd., as on 31st March 2001 and 2002 respectively.

	31 March 2001 Rs.	31 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	3,50,000	3,00,000
Gross profit	70,000	50,000

Compute for both the years the following:

(a) Current ratio

(b) Acid ratio

(c) Stock turnover ratio. Also interpret the results. [5+5+6]

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