# B.Tech II Year I Semester (R15) Supplementary Examinations June 2018 MANAGERIAL ECONOMICS \& FINANCIAL ANALYSIS 

(Common to CSE, ME \& IT)
Time: 3 hours
Max. Marks: 70

## PART - A

(Compulsory Question)
1 Answer the following: ( $10 \times 02=20$ Marks $)$
(a) Define price elasticity of demand.
(b) Distinguish between autonomous demand and derived demand.
(c) Distinguish between fixed cost and variable cost.
(d) Define break-even point.
(e) Explain state skimming pricing in brief.
(f) Explain the features of monopoly.
(g) What is working capital?
(h) Explain equity share capital.
(i) Discuss going concern concept in brief.
(j) Give an account on trial balance.

## PART - B

(Answer all five units, $5 \times 10=50$ Marks)

UNIT - I
Define managerial economics and explain its nature and scope.
OR
Define law of demand and explain exceptions to the law of demand.
UNIT - II
The sales turnover and profit during two years were as follows:

| Year | Sales | Profit |
| :--- | :--- | :--- |
| 2007 | $1,50,000$ | 20,000 |
| 2008 | $1,70,000$ | 25,000 |

State the law of proportions. And explain with the help of graph.

## UNIT - III

Discuss pricing objectives.
OR
Explain the advantages and disadvantages of sole trader form of organization.

## UNIT - IV

Explain briefly capital budget techniques.
OR
A company is considering two mutually exclusive projects. The following information is available related to the two projects.

|  | Project A | Project B |
| :--- | :--- | :--- |
| Initial investment | Rs.5,00,000 | Rs.5,00,000 |
| CFAT at the end of year 1 | 50,000 | $3,00,000$ |
| 2 | $1,00,000$ | $2,50,000$ |
| 3 | $2,00,000$ | $2,00,000$ |
| 4 | $2,50,000$ | $1,00,000$ |
| 5 | $3,00,000$ | 50,000 |

If the firm's minimum expected rate of return is $10 \%$, advise the company which project has to be accepted.

10 Journalize the following transactions:
2013
April, 1 Rajesh stars business with cash 20,000
April, 2 He buys goods for cash 15,000
April, 4 He buys goods from Malhotra on credit 6,000
April, 5 Furniture is purchased for cash 1,000
April, 9 Cash sales made 1,500
April, 11 Goods sold on credit to Satya Dev 4,000
April, 16 Payment made to Malhotra 6,000
April, 19 Cash sales 4,300
April, 21 Purchases of stationery for cash 20
April, 25 Sales on credit to Yusuf 1,770
April, 30 Rent for the month paid in cash 500.
11 Calculate liquidity ratio from the following balance sheet a company compute current ratio and quick

| ratio, absolute quick ratio. Also interpret the ratios. |
| :--- |
| Land and buildings 50000 <br> Plant and machinery 100000 <br> Furniture and fixtures 25000 <br> Closing stock 25000 <br> Sundry debtors 12500 <br> Wages prepaid 2500 <br> Sundry creditors 8000 <br> Rent outstanding 2000 <br>   |

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