

**II B. Tech II Semester Supplementary Examinations,  
Nov/Dec-2016 MANAGERIAL ECONOMICS AND  
FINANCIAL ANALYSIS (Com. to CE, EIE)**

Time: 3 hours

Max. Marks: 70

- 
- Note: 1. Question Paper consists of two parts (**Part-A** and **Part-B**)  
2. Answer **ALL** the questions in **Part-A**  
3. Answer any **THREE** Questions from **Part-B**
- ~~~~~

**PART – A**

1. a) Explain the types of demand.
- b) Explain Explicit Costs Vs. Implicit Costs.
- c) Explain the salient features of oligopoly.
- d) Describe the salient features of sole trader.
- e) Explain the importance of accounting and financial analysis.
- f) Explain the meaning of capital budgeting. (3M+4M+4M+4M+4M+3M)

**PART – B**

2. a) Define Managerial Economics and explain its scope.
- b) What is Elasticity of demand? And explain its types and measurement of Price elasticity of demand. (7M+9M)
3. a) What is Production function? Explain the Cobb-Douglas Production function.
- b) Explain the salient features of Break-even analysis. (8M+8M)
4. a) Explain different market structures and salient features of perfect completion.
- b) Describe the limit pricing and market skimming pricing. (8M+8M)
5. a) What is business? And explain the salient features of partnership.
- b) Explain the meaning and salient features of business cycles. (8M+8M)
6. a) Briefly explain the different techniques of capital budgeting.
- b) Explain any two methods of traditional capital budgeting. (8M+8M)



7. a) Explain the importance of ratio analysis.

b) Given are the Balance Sheets of ABC Limited. You are required to prepare a Funds Flow Statement.

	As on 31 <sup>st</sup> March, 2013 (Rs)	As on 31 <sup>st</sup> March, 2014 (Rs)
Fixed assets at cost	7,00,000	8,70,000
Less: depreciation	2,56,000	3,60,000
Net fixed assets (A)	<u>4,50,000</u>	<u>5,10,000</u>
<i>Current assets</i>		
Investments (temporary)	1,00,000	1,50,000
Closing inventory	18,15,000	19,00,000
Sundry debtors	13,15,000	13,87,000
Total of current assets (B)	<u>32,30,000</u>	<u>34,37,000</u>
<i>Less: Current liabilities</i>		
Bank overdraft	11,60,000	5,50,000
Trade creditors and provision	9,98,000	11,92,000
Proposed dividend	1,60,000	2,40,000
Total current liabilities (C)	23,18,000	19,82,000
Working capital (D) = (B) – (C)	9,12,000	14,55,000
Net fixed assets + Net Working Capital (A) + (D)	13,62,000	19,65,000
<i>Represented by</i>		
Ordinary share capital	7,56,000	10,00,000
General Reserve	2,60,000	3,80,000
Profit and Loss Account	3,52,000	4,85,000
8 % Debentures	---	1,00,000
	<u>13,62,000</u>	<u>19,65,000</u>

\*\*\*\*\*

(4M+12M)

