Code No: X0525   **R07**   SET - 1

II B.Tech I Semester, Supplementary Examinations, May – 2012

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Com. to CSE, IT, MM)

Time: 3 hours   Max Marks: 80

Answer any **FIVE** Questions
All Questions carry **Equal** Marks
Present value tables are permitted for **Q. No. 6**
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1. What is the relationship between managerial economics and other subjects

2. Distinguish various types of price elasticity of demand. Discuss the factors on which the elasticity of demand depends.

3. What are the necessary conditions to be satisfied by a firm in arriving at the optimal level of output in a perfectly competitive market?

4. Explain the role of cost concepts in managerial decisions.

5. Define partnership. Explain its features, advantages and disadvantages.

6. A business firm is thinking of choosing the right machines for their purpose after financial evaluation of the proposals. The initial cost and the net cash flow over five years to the business firm have been calculated for each machine is as follows and assuming the cost of capital to be 14%.

	Machine'1'	Machine'2'
Initial cost (Rs.)	22,000	26,000
Net cash flows (Rs.)		
1st year	6,000	8,000
2nd year	10,000	12,000
3rd year	8,000	10,000
4th year	6,000	8,000
5th year	5,000	8,000

Choose the machine based on a) payback period and b) NPVI method

7. What is the meaning of accounting? Explain the different accounting principles.

8. What is the classification of Ratios? Explain them in detail.

1 of 1

Code No: X0525   **R07**   SET - 2

II B.Tech I Semester, Supplementary Examinations, May – 2012

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Com. to CSE, IT, MM)

Time: 3 hours   Max Marks: 80

Answer any **FIVE** Questions
All Questions carry **Equal** Marks
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1. What is Managerial Economics? Explain the nature and scope of Managerial Economics.

2. State and explain the Law of Demand. What are its Exceptions?

3. What is perfect competition? Explain the equilibrium of firm and industry in both the short-run and long-run under perfect competition.

4. Define production function? What are the types of production function? Explain them in brief.

5. Discuss the role of sole proprietorship in forms of business organization

6. a) What is Break-even point? Explain it through the break-even chart.
    b) Calculate the break-even point from the following data:
    Fixed cost   Rs. 10,000
    Selling price   Rs. 10 per unit
    Variable cost   Rs. 5 per unit
    Suppose the price reduces to Rs. 3 per unit, what would you say about the break-even position?

7. Define public enterprises. What are their features and advantages?

8. What is the meaning of ratio? Explain the importance of ratios and their limitations?

Code No: X0525

R07

SET - 3

II B.Tech I Semester, Supplementary Examinations, May – 2012

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Com. to CSE, IT, MM)

Time: 3 hours

Max Marks: 80

Answer any **FIVE** Questions

All Questions carry **Equal** Marks

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1. Define Managerial Economics. Explain the nature and scope of Managerial Economics.

2. What is Price Elasticity of Demand? How do you measure it?

3. What is perfect competition? Explain the equilibrium of firm and industry in both the short-run and long-run under perfect competition.

4. Define production function? What are the types of production function? Explain them in brief.

5. Define sole trader. What are the features, merits and demerits of sole trader?

6. What are the methods of ranking investment proposals?

7. What is accounting? Explain the types of accounts with suitable formulae.

8. What is the meaning of ratio? Explain the importance of ratios and their limitations?

Code No: X0525   **R07**   SET - 4

II B.Tech I Semester, Supplementary Examinations, May – 2012

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Com. to CSE, IT, MM)

Time: 3 hours   Max Marks: 80

Answer any **FIVE** Questions
All Questions carry **Equal** Marks
Present value tables are permitted for **Q. No. 5**
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1. Explain the basic tools in managerial economics applicable to other subjects.

2. Distinguish various types of price elasticity of demand. Discuss the factors on which the elasticity of demand depends.

3. How is the law of diminishing returns reflected in the shape of the total product curve? What is the relationship between diminishing returns and the stages of production?

4. What are the features of a monopoly and a competitive market co-existing in monopolistic competition?

5. XYZ company with the following two investment alternatives each costing Rs. 10, 00,000/-. The details of the cash flows are as follows.

Year	Cash flows (in Rs.)	
	Project-I	Project-II
1	4,00,000	7,00,000
2	6,00,000	5,00,000
3	6,00,000	4,00,000

The cost of capital is 12 per cent per year. Which one will you choose?
    a) Under NPV method.
    b) Under IRR method.

6. What do mean by partnership? Explain its features, advantages and disadvantages.

7. If sales are 12,000 units and selling price is Rs. 25 per unit, variable cost Rs. 15 per unit and fixed cost is Rs. 90,000. Find out BEP in units and sales revenue. What is profit earned? What should be the sales for earning a profit of Rs. 80,000/-.

8. What is the meaning of ratio? Explain the importance of ratios and their limitations?