

III B. Tech I Semester Supplementary Examinations, May-2017**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

(Common to Electrical and Electronics Engineering, Auto Mobile Engineering and Mining Engineering)

Time: 3 hours

Max. Marks: 70

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- Note: 1. Question Paper consists of two parts (**Part-A** and **Part-B**)
2. Answering the question in **Part-A** is compulsory
3. Answer any **THREE** Questions from **Part-B**
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PART -A

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|----|----------------------------|------|
| 1 | Write about | |
| a) | Opportunity cost. | [3M] |
| b) | Cross elasticity of demand | [4M] |
| c) | Skimming pricing | [4M] |
| d) | Profit-Volume Ratio | [4M] |
| e) | Profitability index | [4M] |
| f) | Partnership. | [3M] |

PART -B

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|---|---|------|
| 2 | a) What do you mean by elasticity of demand? | [4M] |
| | b) Explain the significance of elasticity of demand | [4M] |
| | c) What are the different kinds of elasticity of demand that are relevant to the manager of a firm? | [8M] |
| 3 | a) Define cost. | [3M] |
| | b) Explain the different cost concepts used in the process of cost analysis. | [8M] |
| | c) Discuss the economies of scale and its significance to a firm. | [5M] |
| 4 | a) What is the importance of pricing in a business organization? | [8M] |
| | b) Explain any four methods of pricing. | [8M] |
| 5 | a) Explain the features of sole trader type of business organization. | [8M] |
| | b) Explain the state/ public enterprises and their various forms. | [8M] |
| 6 | a) What is an account? How would you classify different accounts maintained by a business enterprise? | [8M] |

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SET - 1

- b) Journalise the following transactions in the books of Khanu and Co. [8M]

2008		(Rs)
Jan 2	Started the business with	8,00,000
Jan 3	Bought furniture for	1,20,000
Jan 3	Bought stationery for	5,000
Jan 3	Purchased goods for cash at	2,00,000
Jan 3	Sold goods for cash worth	50,000
Jan 3	Sold to R.Desai goods worth	1,00,000
Jan 3	Bought goods from Mundra Bros at	80,000
Jan 3	Paid office cleaning charges	1,500
Jan 3	Bought goods from Hari worth	1,00,000
Jan 3	Sold to Sharma and Co; good worth	60,000
Jan 3	Received from R.Desai	50,000
Jan 3	Paid to Hari	90,000
Jan 3	Bought typewriter for	80,000
Jan 3	Paid house rent of	7,500
Jan 3	Paid light charges of	5,000
Jan 3	Paid salary accounting to	50,000
Jan 3	Received commission to	15,000

- 7 a) What do you mean by capital budgeting? Explain its significance [8M]
 b) A company has two proposals for consideration (Y&Z). The cost of proposals in both the cases is Rs 5,00,000 each. A discount factor of 10% may be used to evaluate the proposals. The cash flows after taxes are as under. [8M]

Year	Proposal Y	Proposal Z
1	1,50,000	60,000
2	2,20,000	1,50,000
3	2,40,000	2,00,000
4	1,80,000	2,50,000
5	1,50,000	3,00,000

Which proposal can be undertaken under NPV?
