

Code No: **R1641054**

**R16**

**Set No. 1**

**IV B.Tech I Semester Regular/Supplementary Examinations, March - 2021**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
(Computer Science and Engineering & Information Technology)

**Time: 3 hours**

**Max. Marks: 70**

*Question paper consists of Part-A and Part-B*  
*Answer ALL sub questions from Part-A*  
*Answer any FOUR questions from Part-B*

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**PART-A (14 Marks)**

1. a) Define Law of demand .what are its exceptions? [3]
- b) What is production function? How is it useful to the manufacturer? [3]
- c) Write differences between Perfect competition and Monopoly. [2]
- d) What is a partnership deed? [2]
- e) What is meant by Ratio Analysis? [2]
- f) Define Capital Budgeting? Explain its importance. [2]

**PART-B (4x14 = 56 Marks)**

2. a) Define managerial economics. Elaborate the importance of managerial economics in decision making. [7]
- b) What is the importance of elasticity of demand? Explain the factors governing elasticity of demand. [7]
3. Explain the concepts of isoquants and isocosts. Analyze how the manufacturer reaches the least cost combination of inputs. Illustrate with an example. [14]
4. a) Discuss price-output determination in case of Perfect competition. [7]
- b) Explain any two pricing methods in detail. [7]
5. a) Define Joint Stock Companies? Explain its features, advantages and limitations? [7]
- b) Explain factors to be considered for starting a business enterprise. [7]
6. a) Distinguish nature and significance of Fund flow Vs cash flow statements. [7]
- b) Explain the significance of financial statements. [7]
7. Compare and contrast the NPV and ARR methods of evaluating investment proposals and illustrate with examples [14]

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**Set No. 2**

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**(Computer Science and Engineering & Information Technology)**

**Time: 3 hours**

**Max. Marks: 70**

*Question paper consists of Part-A and Part-B*

*Answer ALL sub questions from Part-A*

*Answer any FOUR questions from Part-B*

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**PART-A (14 Marks)**

1. a) State law of supply. [2]
- b) Define Margin of safety. Write the formula for Margin of Safety. [2]
- c) Describe Market skimming pricing. [3]
- d) Write merits and demerits of sole proprietorship. [2]
- e) Differentiate between ledger and journal. [3]
- f) What are the limitations of Accounting Rate of Returns? [2]

**PART-B (4x14 = 56 Marks)**

2. What is the significance of elasticity of demand? Explain different types of elasticity of demand with examples. [14]
3. a) Discuss the concept of return to scale and economics of scale. [7]
- b) Explain different cost concepts underlying business decision making. [7]
4. Explain the features of perfect competition market. State the conditions of equilibrium of a firm in perfect competition market. [14]
5. Explain the nature, scope and objectives of Business cycle with different phases. [14]
6. a) Define financial statements, and explain its objectives and importance. [7]
- b) What are the limitations of financial statements? How ratio analysis overcome these limitations. [7]
7. a) Distinguish the features of discounting and non-discounting methods. [7]
- b) How is Profitability Index of a project calculated? What are its advantages? [7]

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**Set No. 3**

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**Time: 3 hours**

**Max. Marks: 70**

*Question paper consists of Part-A and Part-B*

*Answer ALL sub questions from Part-A*

*Answer any FOUR questions from Part-B*

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**PART-A (14 Marks)**

1. a) What is demand function? How do you determine it? [3]
- b) What are the managerial applications of BEA? [2]
- c) Compare Monopoly and monopolistic competition. [3]
- d) Define Public Enterprise. [2]
- e) What is meant by subsidiary books? [2]
- f) What is capitalization? [2]

**PART-B (4x14 = 56 Marks)**

2. a) Discuss the nature and scope of Managerial economics. [7]
- b) What is a new product? Explain how did you forecast demand for new products? Illustrate. [7]
3. a) Define Production function. Explain about Cobb-Douglas Production function. [7]
- b) How are short run and long run identified? What do you understand by Long run Average cost curve? Explain how it is different from Short run average cost curves. [7]
4. What is perfect competition? State its features and how the price is determined in this market structure. [14]
5. a) Distinguish the characteristics between public enterprises Vs Joint stock companies. [7]
- b) Explain various phases of business cycles in detail. [7]

6. Define Double Entry System. Describe the important records in Double Entry System .Also list advantages and Disadvantages of Double Entry System. [14]
7. ABC company is considering the purchase of machine. Two machines X and Y each costing Rs.50,000 is available. Earnings after taxes in Rs are expected to be as under:

Year	1	2	3	4	5
Machine 'X'	15,000	20,000	25,000	15,000	10,000
Machine 'Y'	5,000	15,000	20,000	30,000	20,000

Estimate the two alternatives according to:

- (i) Payback method, and  
(ii) NPV method a discount rate of 10% is to be used.

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**Time: 3 hours**

**Max. Marks: 70**

*Question paper consists of Part-A and Part-B*

*Answer ALL sub questions from Part-A*

*Answer any FOUR questions from Part-B*

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**PART-A (14 Marks)**

1. a) What are the steps in scientific approach to demand forecasting? [2]
- b) Differentiate between fixed cost and variable cost. [3]
- c) What is meant by priority pricing? [2]
- d) Write advantages & limitations of Co-operative societies. [2]
- e) List the steps for the preparation of cash flow statements. [3]
- f) What is meant by time value of money? [2]

**PART-B (4x14 = 56 Marks)**

2. a) What is demand? Explain the various factors that influence the demand for a computer. [7]
- b) Explain survey based demand forecasting methods with appropriate examples. [7]
3. A manufacturer sells his product at Rs. 5 each. Variable costs are Rs.2 per unit and the fixed costs amount to Rs. 60,000.
  - i. Calculate the break-even point.
  - ii. What would be the profit if the firm sells 30,000 units?
  - iii. What would be the BEP if the firm spends Rs.3,000 on advertising?
  - iv. How much should be the manufacturer sell to make a profit of Rs.30,000 after spending Rs.3,000 for advertisement? [14]
4. a) Define Market and explain how markets are classified? [7]
- b) What is price discrimination? Discuss the essential conditions for price discrimination. [7]
5. a) Define Sole Trading. Describe the features, merits and demerits of Sole Trading? [7]
- b) Discuss features of business cycles. [7]
6. a) Explain classification of accounts with suitable examples. [7]
- b) Discuss the significance and utility of ratio analysis in financial decision making. [7]
7. What is the importance of Capital Budgeting? Explain the basic steps involved in evaluating Capital Budgeting proposals. [14]