## Code: 4GA51

## R-14

III B.Tech. I Semester Supplementary Examinations May 2019

## Managerial Economics and Financial Analysis

## ( Common to CE, ME and ECE )

Max. Marks: 70
Time: 3 Hours
Answer all five units by choosing one question from each unit ( $5 \times 14=70$ Marks )

## UNIT-I

1. What do you understand by elasticity of demand? How do you measure its. What is its significance?

OR
2. Write elasticity demand and factors governing elasticity of demand.

## UNIT-II

3. State the break even analysis? Explain objectives, importances and show the graphical representation of BEP.

OR
4. Rainbow enterprises deals in the supply of computers the following cost data available for two successive periods

|  | Year 1 <br> Rs | Year 2 <br> Rs |
| :---: | :---: | :---: |
| sales | 50000 | 120000 |
| Fixed costs | 10000 | 20000 |
| Variable cost | 30000 | 60000 |

determine
a) $\mathrm{p} / \mathrm{v}$ ratio

4 marks
b) breakeven point 5 marks
c) margin of safety
5 marks

## UNIT-III

5. Elaborate monopoly market and price out-put determination in short run and long run. OR
6. a) What are the causes for the emergence of monopoly?
b) How is the equilibrium position attained by monopoly list under varying cost conditions?

## UNIT-IV

7. What is working capital? Explain the factors governing working capital requirements?

## OR

8. A business firm is thinking of choosing the right machines for their purpose after financial evolution of the proposals the initial cost and the net cash flow over five years to the business firm have been calculated for each machine as follows.

|  | Machine 1 (Rs) | Machine 2 (RS) |
| :---: | :---: | :---: |
| Initial cost | 20000 | 28000 |
| annual cash <br> inflow 1year | 8000 | 10000 |
| 2 year | 12000 | 12000 |
| 3 year | 9000 | 12000 |
| 4 year | 7000 | 9000 |
| 5 year | 6000 | 9000 |

Choose the machine based on i) payback period ii) accounting rate return

## UNIT-V

9. From the following trial balance of xyz Itd prepare trading and profit\&loss account for the year ending 31-3-2017 and balance sheet as on date considering the adjustments given below:

| Debit balances | Rs | Credit balances | Rs |
| :--- | :--- | :--- | :--- |
| buildings | 70000 | Carriage in wards | 1291 |
| Motor trucks | 12000 | Reserve doubtful debts | 1320 |
| furniture | 1640 | Establishments expenses | 2135 |
| debtors | 15600 | Carriage out wards | 800 |
| creditors | 18852 | insurance | 783 |
| stock | 15040 | interest | 340 |
| Cash in hand | 988 | bad debts | 613 |
| Cash at bank | 14534 | Audit fee | 400 |
| Bills receivables | 5844 | General expenses | 3050 |
| purchases | 85522 | investments | 8922 |
| discount | 945 | sales | 121850 |
| Returns in word | 285 | capital | 920000 |
|  |  | Bills payable | 6930 |
|  |  | rent | 900 |
| Adusmen | 1) |  |  |

Adjustments: 1) closing stock Rs 15000 2) depreciation on motor trucks $20 \%$ and furniture $10 \%$ per annum 3)write of bad debts of Rs100 and maintain at $5 \%$ reserve for doubtful debts 4) prepaid insurances Rs 150 5)interest accrued but not received Rs 120

## OR

10. Write Short notes on
a) Liquidity ratios 3 M
b) Profitability ratios 4 M
c) Activity ratios 4 M
d) Capital structure ratios are illustrating suitable example. 3M
