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Code No: BA1502

GEC-R14

**II B. Tech I Semester Supplementary Examinations, May 2016**

**Managerial Economics and Financial Analysis**

(Mechanical Engineering, Computer Science and Engineering  
and Information Technology)

**Time: 3 Hours**

**Max. Marks: 60**

**Note:** All Questions from **PART-A** are to be answered at one place.

Answer any **FOUR** questions from **PART-B**. All Questions carry equal Marks.

**PART-A**

**6 × 2 = 12M**

1. Define Law of demand.
2. What is meant by economies of scale?
3. Mention types of Competitions.
4. Explain features Partnership Company.
5. What are the financial statements?
6. What is meant by working capital?

**PART-B**

**4 × 12 = 48M**

1. a) Elucidate the relation of Managerial economics with other disciplines. (6M)  
b) How to measure elasticity of Demand. Explain the different methods of forecasting. (6M)
2. a) Explain Isoquants and Isocosts. (6M)  
b) A factory manufacturing sewing machines has the capacity to produce 500 machines per annum. The marginal (Variable) cost of each machine is Rs.200 and each machine is sold for Rs.250. Fixed overheads are Rs.12,000 per annum. Calculate the break even points for output and sales and show what profit will result if output is 90% of capacity? (6M)
3. a) Explain the different features of perfect competition. (6M)  
b) Elucidate the different methods of pricing strategies. (6M)
4. a) Elucidate the Changing Business Environment in Post-liberalization scenario. (6M)  
b) Differentiate Partnership Company and Sole Proprietorship. (6M)
5. a) Explain the Profit and Loss Account and Balance sheet. (6M)

- b) Pass the necessary journal entries for the following different transactions, open necessary accounts in the ledger and show how the entries are transferred into the ledger: (6M)

<b>Date</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
2 <sup>nd</sup> Jan 2015	Sale of goods for cash	1,000
8 <sup>th</sup> Jan 2015	Cash paid to A towards credit purchase Rs.815 made earlier, after discount	800
	Discount allowed by A	15
10 <sup>th</sup> Jan 2015	Goods purchased from B on credit	600

6. a) Explain the different methods of capital budgeting. (7M)
- b) Calculate the Gross Profit Ratio from the following figures: (5M)

Sales	Rs.1,00,000	Purchases	Rs.60,000
Sales returns	10,000	Purchase returns	15,000
Opening stock	20,000	Closing Stock	5000

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