Code No: 43221/43222 **R07** **Set No - 1**

II B.Tech I Semester Regular Examinations,Nov/Dec 2009
MANAGERIAL ECONIMICS AND FINANCIAL ANALYSIS
Common to Information Technology, Computer Science And Engineering, Computer Science And Systems Engineering

Time: 3 hours **Max Marks: 80**

Answer any FIVE Questions
All Questions carry equal marks

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1. Define the concept of demand and analyse the various types of demand. [16]
2. (a) Define 'Sole Proprietorship' and explain its features.
   (b) Discuss the advantages & limitations of sole trader form of organization. [16]
3. (a) What are Liquidity ratios? Explain their significance.
   (b) How Turnover ratios are relevant? [16]
4. 'Monopolistic competition is a blend of monopoly and competition' Explain. [16]
5. Analyse the equilibrium price and output determination under monopolistic competition. [16]
6. The following balances are extracted from the books of Anand on 31st Dec. 2001. Prepare:
   (a) A Trial Balance from the Balances and
   (b) The Trading and Profit and Loss a/c for the year ended 31st December, 2001 and (iii) a Balance Sheet as at the closing date.

	Rs.		Rs.
Anand-Capital a/c	15,000	Stock (1.1.2001)	15,000
Drawings a/c	3,000	Purchases	60,000
Furniture & Fittings	500	Sales	80,000
Typewriters	1,000	Returns outwards	500
Cycles	250	Returns inwards	1,000
Sundry debtors	15,000	Carriage inwards	750
Sundry Creditors	13,500	Carriage outwards	1,250
Rent	2,400	Rates and Taxes	600
Salaries	3,600	Cash in hand	2,425
Discounts allowed	425	General expenses	1,800

   Stock on hand as on 31.12.2001 Rs.11,000. [16]
7. Briefly examine the different determinants for demand. [16]
8. The financial manager of a company has to advise the board of directors on choosing between two Compelling project proposals which require an equal investment of Rs.1,00,000 and are expected To generate cash flows as under:

Year	Proposal - I (Rs.)	Proposal - II (Rs.)
1	48,000	20,000
2	32,000	24,000
3	20,000	36,000
4	Nil	48,000
5	24,000	16,000
6	12,000	8,000

Which project proposal should be recommended? and why? Assume the cost of capital to be 10% P.A. [16]

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