R09

B.Tech III Year I Semester (R09) Regular & Supplementary Examinations December 2014
MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS
(Common to CE, BT, ME, EEE, ECC and MCT)

Time: 3 hours

Max Marks: 70

Answer any FIVE questions
All questions carry equal marks
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1 Define demand. What is demand function? How do you determine it?

2 What do you understand by demand forecasting? What is the need for it?

3 Write short notes on:
   (a) Break even analysis.
   (b) Explicit Vs implicit costs.
   (c) Fixed Vs variable costs.

4 Explain the role of time factor in the determinations of price. Also explain price output determination in case of perfect competition.

5 Define business and explain its characteristics.

6 What do you understanding by working capital cycle? Explain its importance.

7 The following are the closing balances extracted from the books of Bharath for the year ending 31st December 2006 with the help of which prepare trading account, profit & loss account and balance sheet.

Debit Balance	Rs.	Credit Balance	Rs.
Opening stock	6,050	Sales	13,720
Purchases	9,030	Purchases returns	130
Carriage	220	Capital	3,000
Drawings	450	Creditors	4,500
Investments	3,800	Discounts received	350
Debtors	2,500	Mortgage loan	4,000
Cash	1,350		
Printing charges	1,200		
Wages	1,100		
Total	25,700		25,700

Adjustments:
   (a) Closing stock was valued at Rs.16, 000.
   (b) Wages outstanding by Rs.900.
   (c) Outstanding discounts receivable Rs.150.
   (d) Write off bad debts? Rs.500.
   (e) Create a reserve for bad and doubtful debts? Rs.500.

8 (a) A firm sold goods worth Rs.1,00,000, and its gross profit is 20% of sales value. The inventory at the beginning of the year was RS. 32,000 and at end of the year was 14,000. Compute inventory turnover ratio and also the inventory holding period.
   (b) What is meant by ratio analysis? Explain its objectives and importance in financial analysis.
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