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JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B.Tech-II Year I Semester Examinations, November/December - 2016

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Common to CE, CEE)

Time: 3 Hours

Max. Marks: 75

Note: This question paper contains two parts A and B.

Part A is compulsory which carries 25 marks. Answer all questions in Part A.  
Part B consists of 5 Units. Answer any one full question from each unit.  
Each question carries 10 marks and may have a, b, c as sub questions.

PART- A

(25 Marks)

Write brief notes on the following:

- a) Nature of Managerial Economics.
- b) Factors governing Demand forecasting.
- c) Isoquants.
- d) Break-Even Point.
- e) Monopolistic competition.
- f) Sole Proprietor.
- g) Working capital cycle.
- h) Shares.
- i) Journal.
- j) Trial Balance.

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PART-B

(50 Marks)

- 2.a) Define Demand. What are the determinants of demand?
- b) Describe the types of Elasticity of demand.

[5+5]

OR

- 3.a) Explain the importance of Managerial Economics.
- b) What are the exceptions to the theory of law of demand?

[5+5]

- 4.a) Explain Cobb-Douglas Production function.
- b) Differentiate between Fixed Cost and Variable Cost. Give suitable examples.

[5+5]

OR

- 5.a) What do you understand by Returns to scale? Discuss.
- b) Calculate the BEP in units and Rupees using the following details:

Selling price per unit Rs.100  
Variable cost per unit Rs. 60  
Fixed costs Rs. 20,000  
Actual Sales Rs. 2,00,000

[5+5]

- 6.a) Illustrate any four methods of Pricing.
- b) Explain the salient features of a Joint Stock Company.

[5+5]

OR

- 7.a) State the conditions in which Penetration and Skimming pricing strategies can be followed.
- b) Examine the merits and demerits of Sole Proprietorship form of business organization. [5+5]
- 8.a) Explain the meaning of Capital. What factors influence the volume of long term capital of business?
- b) Enumerate any five methods of raising long term finance for a business enterprise. [5+5]
- 9.a) In what respect Modern capital budgeting techniques are superior to Conventional techniques?
- b) Identify the merits and demerits of Payback period technique of capital budgeting. [5+5]
- 10.a) Every "debit" must have its corresponding "credit". Explain.
- b) How do you validate the various items given in a trial balance? [5+5]

OR

11. From the following Trial balance of Giri Traders, prepare final accounts for the year ended 31.12.2013. [10]

Particulars	Debit Rs.	Credit Rs.
Capital		30000
Cash	5000	
Purchases	19000	
Purchase Returns		500
Sales		20000
Wages	1000	
Salaries	800	
Factory Insurance	200	
Rent	650	
Carriage	150	
Office Expenses	200	
Carriage Outwards	200	
Machinery	8000	
Furniture	6000	
Discount allowed	250	
Discount received		1500
Goodwill	3550	
Opening stock	1500	
Debtors	8500	
Creditors		3000
<b>Total</b>	<b>55000</b>	<b>55000</b>

**Adjustments:**

- Value of Closing Stock Rs. 2200  
 Outstanding Salaries Rs. 200  
 Prepaid Rent Rs. 150.