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Code No: 125EG

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B.Tech III Year I Semester Examinations, November/December - 2017

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Common to AME, EIE, IT, MSNT, ME, MCT, MIE)

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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.

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PART - A

(25 Marks)

1. Write notes on the following briefly:

- a) Demand forecasting [2]
- b) Managerial economics [3]
- c) Isocosts and their characteristics [2]
- d) Law of returns [3]
- e) Limitations of sole proprietorship [2]
- f) Monopolistic competition [3]
- g) Various kinds of debentures [2]
- h) Working capital cycle and its components [3]
- i) DuPont Chart [2]
- j) Leverage ratios [3]

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PART - B

(50 Marks)

- 2.a) Discuss the nature and scope of managerial economics.
 - b) Explain the influencing factors of the elasticity of demand. [5+5]
- OR**
- 3.a) Narrate the law of demand and its exceptions.
 - b) Elucidate the scope of managerial economics. [5+5]

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- 4.a) Explain the importance of Cobb-Douglas production function.
- b) From the following information, calculate the break-even point in units and sale values;
Output 3000 units [5+5]
Selling price per unit Rs.30
Variable cost per unit Rs.20
Total fixed cost Rs.20,000

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OR

- 5.a) Sale of product amounts to 200 units per month at Rs.10 per unit. Fixed overhead cost is Rs. 400 per month and variable cost Rs.6 per unit. There is a proposal to reduce prices by 10 per cent. Calculate present P/V ratio. How many units must be sold to earn the present total profits?
- b) What are the managerial uses of Breakeven Analysis? [5+5]

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- 6.a) Describe the features of perfect competition.
b) What are the differences between monopoly and perfect competition? [5+5]

OR

- 7.a) Elucidate the pros and cons of Joint Stock Company.
b) Explain the objectives of the pricing. [5+5]

- 8.a) Outline the significance of capital budgeting.
b) Determine the average rate of return for a period for a project which requires Cash- outlay of Rs.10,000 and generates cash inflows of Rs.2,000, Rs.4,000, Rs.3,000 and Rs.2, 000 in the first, second, third, and fourth year respectively. [5+5]

OR

- 9.a) What are the sources of raising capital? Explain.
b) The initial cash outlay of a project is Rs.50, 000 and it generates cash inflows of Rs.20, 000, Rs.15, 000, Rs. 25, 000 and Rs.10, 000 in four years. Using profitability index method, appraise profitability of the proposed investment assuming 10% rate of discount. [5+5]

- 10.a) Describe the advantages and disadvantages of double entry book keeping.
b) Mr. Normal has the following transactions in the month of April. Write Journal Entries for the transactions. [5+5]

- 10th April : Commenced business with a capital of Rs.1,00,000
11th April : Purchased goods from Veeru for Rs.20,000
13th April : Purchased Goods for Cash Rs. 15,000
14th April : Purchased Goods from Abhiram for cash Rs.9,000
16th April : Bought Goods from Shyam on credit Rs.12,000
17th April : Sold goods worth Rs.15,000 to Tarun
19th April : Sold goods for cash-Rs.20,000
20th April : Sold goods to Utsav for cash Rs.6,000
21st April : Sold goods to Pranav on credit Rs.17,000
22nd April : Returned goods to Veeru Rs. 3,000

OR

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11. From the following Trial Balance of Gurdeep Singh as at 31st December, 2007, prepare Trading and Profit and Loss Account and Balance Sheet: [10]

Dr. Balances	Rs.	Cr. Balances	Rs.
Opening Stock	15,500	Capital	60,000
Land and Building	35,000	Loan from Mrs. Gurdeep Singh @9%	30,000
Machinery	50,000	Sundry Creditors	9,600
Furniture & Fixtures	5,000	Purchase Returns	2,100
Purchases	1,06,000	Sales	2,07,300
Salaries	11,000	Discount	1,200
General Expenses	2,500		
Rent	3,000		
Postage and	1,400		
Telegrams	1,300		
Stationery	26,000		
Wages	2,800		
Freight on Purchases	4,000		
Carriage on Sales	4,500		
Repairs	30,000		
Sundry Debtors	600		
Bad Debts	100		
Cash in Hand	6,400		
Cash at Bank	5,100		
Sales Returns			
	3,10,200		3,10,200

The following further information was given:

- Wages for December, 2007 amounting to Rs. 2,100 have not yet been paid.
- Included in General Expenses is Insurance Premium Rs. 600, paid for the year ending 31st March, 2008.
- Provision for doubtful debts @5% on debtors is necessary.
- Depreciation is to be charged as follows: Land and Building 2%, Machinery 10% and Furniture and Fixtures 15%.
- The loan from Mrs. Gurdeep Singh was taken on 1st July, 2007. Interest has not been paid yet.
- The value of stock on hand on 31st Dec, 2007 was Rs. 14,900.

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