

Code No: 113BV

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**B. Tech II Year I Semester Examinations, December-2014****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)**

- 1.a) What nature of issues are covered under Micro Economic Analysis? Give suitable examples.
- b) How is Elasticity of Demand classified? Give the formulae for each of them.
- c) Distinguish between 'External diseconomies' and 'Internal diseconomies' and bring out any 3 factors causing External diseconomies.
- d) What are the assumptions in Breakeven Theory?
- e) How differently Price can be discriminated?
- f) Define 'Public Corporation' and give some examples.
- g) Draw working capital cycle, showing its break up.
- h) How do you measure 'profitability volume' of an investment proposal by applying different methods of Appraisal, if annual cash flows are uneven?
- i) Draw the proforma of Journal and a ledger account.
- j) Give the formula to compute EPS.

PART-B**(50 Marks)**

2. State and explain 'Law of Demand'. Supplement your answer with Assumptions and Exceptions.

OR

- 3.a) What are the objectives of a Demand Forecast?
- b) Discuss in detail any four methods of Demand forecasting and explain how forecast approach varies among new products and existing products.
- 4.a) Explain any four cost concepts
- b) How does cost per unit vary during short run period and long run period? Show diagrammatically.

OR

5. Explain the following:
 - a) Cobb-Douglas Production function
 - b) Laws of Returns.
6. How differently Markets are classified? What are the differences between Perfect competition and Monopoly?

OR

7. What do you understand by 'Peak load pricing'? Why is it popular in pricing the public utilities? What are the drawbacks in this method?

- 8.a) Distinguish between 'Non Discounted cash flow' and 'Discounted cash flow'.
 b) What factors influence the volume of working capital needed by a manufacturing organization?

OR

9. A firm is considering the acquisition of Equipment costing Rs.4,50,000. The equipment had an expected life of 5 years. Before considering the effect of depreciation, the annual cash flow returns after income tax are estimated at Rs.1,60,000. Calculate:
 a) Traditional payback period and
 b) Net present value, if the discounting rate is 10%.
10. Who are the users of financial statements of a Company? How do you calculate the following?
 a) Tests of Liquidity
 b) Tests of profitability and
 c) Tests of Solvency.

OR

11. The following are the balances of Bhushan as on 31st March, 2014 with the help of which prepare final accounts:

Debit Balances	Amount (Rs.)	Credit Balances	Amount(Rs)
Premises	30,72,000	Capital	40,00,000
Plant	33,00,000	Loan obtained	30,00,000
Opening stock	7,50,000	P & L A/c. balance	2,62,500
Debtors	11,20,000	Bills payable	7,70,000
Cash & Bank balances	8,74,000	sales	41,50,000
Purchases	19,00,000	Reserve fund	2,85,000
wages	10,48,150		
salaries	4,03,350,		
TOTALS	1,24,67,500		1,24,67,500

Additional information:

- Closing stock was valued at Rs.10,00,000
- Outstanding salaries were Rs.16,650
- Provide depreciation on Plant at 10%
- Provide Income Tax @ 10%.

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