Code No: 115EG

R13

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
B. Tech III Year I Semester Examinations, November/December - 2016
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to AME, EIE, IT, ME, MCT, MIE, MSNT)

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) Describe any two exceptions of the law of demand?   [2]
  b) Distinguish between 'Law of demand and Elasticity of demand'.   [3]
  c) What is the managerial significance of expansion path?   [2]
  d) What results in External Economies of Scale?   [3]
  e) Mention any two features of monopolistic competition.   [2]
  f) What are the advantages of sole proprietorship form of organization?   [3]
  g) What are the various sources for mobilizing long term capital by an organization?
                                                                                 [2]
  h) What factors influence the volume of working capital?   [3]
  i) What are activity ratios? Give two examples.   [2]
  j) What do you understand by 'double-entry' book keeping?   [3]

PART - B
(50 Marks)

2.a) What is elasticity of demand? What are the various types of elasticity?
  b) Describe the qualitative methods of demand forecasting.   [5+5]

OR

3.a) What do you understand by managerial economics? What is the scope of it?
  b) What are the different factors involved in demand forecasting?   [5+5]

4.a) How are isoquant curves classified?
  b) A company makes a product with a selling price of $25 per unit and variable costs of $15 per unit. The fixed costs for the period are $45,000. What is the required output level to make a target profit of $12,000?   [4+6]

OR

5.a) What are the differences between break even analysis and CVP analysis?
  b) The Sherston Brick Company manufactures a standard stone block for the building industry. The production capacity for the year is 120,000 standard blocks. The selling price per block is $1.80, variable costs are $0.50 per brick and fixed costs are $60,000 per annum. Determine the break-even point in terms of sales revenue and production output.   [5+5]

6.a) What is a joint stock company? What are the advantages and disadvantages of this form?

  b) Explain price – output determination under monopolistic competition, with suitable diagrams and examples. [5+5]

OR

7.a) What are the various methods of pricing?

  b) What do you understand by pricing? What are the important objectives of pricing?[5+5]

8.a) What is the payback period method of evaluating capital investment proposals? What are the advantages and disadvantages of this method?

  b) What is working capital? What are the various sources of raising working capital? [5+5]

OR

9.a) What is accounting rate of return (ARR) method of evaluating capital investment decisions?

  b) Calculate the net present value of a project which requires an initial investment of $243,000 and it is expected to generate a cash inflow of $60,000 each month for 12 months. Assume that the salvage value of the project is $1500. The target rate of return is 12% per annum. [5+5]

10.a) With assumed data, illustrate various turnover ratios.

  b) What is the importance of capital structure ratio? [5+5]

OR

11.a) Explain the Du-Pont chart/analysis.

  b) What procedure would you adopt while finalizing accounts of a business unit with the help of a valid trial balance? [5+5]

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