

Code No: 125EG

R15**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****B. Tech III Year I Semester Examinations, May/June - 2019****MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS****(Common to ME, EIE, IT, MCT, AME, MIE)****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. Explain the following:
 - a) Elasticity of demand [2]
 - b) Demand determinants [3]
 - c) Isoquants [2]
 - d) Any three Cost concepts [3]
 - e) Capital budgeting [2]
 - f) Accounting rate of return [3]
 - g) Perfect competition [2]
 - h) Partnership [3]
 - i) Accounting conventions [2]
 - j) Journal [3]

PART - B**(50 Marks)**

- 2.a) How do you justify that knowledge of managerial economics helps in decision making?
- b) Elucidate the importance of demand determinants. [5+5]

OR

- 3.a) Bring out the significance of statistical methods of demand forecasting.
- b) What are the objectives of the demand forecasting? [5+5]

- 4.a) Describe the various forms of internal and external economies of scale.
- b) From the following data, you are required to calculate break- even point and net sales value at this point.

	Rs.
Direct raw material cost per unit	10
Direct labour cost per unit	5
Fixed overhead	50,000
Variable overheads @ 60% on direct labour	
Selling price per unit	25
Trade discount	4%

If the sales are 10% and 25% above the break even volume, determine the net profits.

[5+5]

OR

- 5.a) From the following particulars, find out the breakeven point;
Variable cost per unit Rs.15
Fixed expenses Rs.40,000
Selling price per unit Rs.20
What should be the selling price per unit, if the break -even point should be brought down to 6000 units.
- b) Discuss the price output determination in the perfect competition. [5+5]

- 6.a) Elucidate the features of monopolistic competition.
- b) How do you classify the public enterprises? Explain. [5+5]

OR

- 7.a) What are the features of partnership? Explain.
- b) Discuss various types of pricing policies. [5+5]

- 8.a) Describe the merits and demerits of cash budget.
- b) A project requires an investment of Rs.5,00,000 and has a scrap value of Rs.20,000 after five years. It is expected to yield profits after depreciation and taxes during the five years amounting to Rs.40,000, Rs.60,000, Rs.70,000, Rs.50,000 and Rs.20,000, Calculate the payback period. [5+5]

OR

- 9.a) What are the features of capital budgeting proposals? Explain.
- b) The initial investment of a project is Rs.30,000 and it yield cash inflows of Rs.10,000, Rs.9,000, Rs.30,000 and Rs.20,000 in four years. Using net present value Method, appraise profitability of the proposed investment assuming 10% rate of discount. [5+5]
- 10.a) Explain the various forms of accounting concept.
- b) Journalise and post in ledger for the following transactions in the books of Rama & Sons [5+5]

3rd May : Cash deposited into bank Rs.60,000
7th May : Paid cash to Veeru Rs. 20,000
12th May : Paid to Veeru by cheque Rs.15,000
20th May : Paid to Intel Computers by cheque Rs. 17,000
22nd May : Withdrew from bank for office use Rs.8,000
25th May : Withdrew from bank for personal use Rs.1,000
27th May : Bought furniture and paid by cheque Rs.15,000
30th May : Brought additional capital of Rs.25,000

OR

- 11.a) Explain the various forms of activity ratios.
- b) The ratios relating to Cosmos Ltd. Given as follows; [5+5]
- Gross Profit Ratio : 15 per cent
Stock Velocity : 6 months
Debtors Velocity : 3 months
Creditors Velocity : 3 months
Gross profit for the year ending Dec.31, 2014 amounts Rs.60,000. Closing stock is equal to opening stock. Find out;
- i) Sales
ii) Closing stock
iii) Sundry Debtors
iv) Sundry Creditors.