

**Code No: 114DC****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****B.Tech II Year II Semester Examinations, April - 2018****MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS****(Common to EEE, PTM)****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. Give brief answers to the following:
  - a) Nature of Managerial Economics. [2]
  - b) Law of demand and its exceptions. [3]
  - c) Production function. [2]
  - d) Least cost combination of Inputs. [3]
  - e) Monopolistic Competition. [2]
  - f) Objectives of Business. [3]
  - g) Types of Capital. [2]
  - h) Payback method vs Accounting rate of return method. [3]
  - i) Importance of financial accounting. [2]
  - j) Significance of double-entry book keeping. [3]

**PART-B****(50 Marks)**

- 2.a) Explain the importance and scope of Managerial Economics.
  - b) What is elasticity of demand? Explain the measurement of elasticity of demand. [5+5]
- OR**
- 3.a) Describe the significance of demand forecasting and explain the factors governing demand forecasting.
  - b) Explain any two methods of demand forecasting. [5+5]
- 4.a) Describe the interrelationship between Isoquants and Isocosts.
  - b) Explain the law of diminishing returns. [5+5]
- OR**
- 5.a) Describe the importance of cost analysis and explain different cost concepts.
  - b) Explain the importance of Break - even Point and describe its managerial significance. [5+5]
- 6.a) Explain the salient features of monopoly and describe price and output determination in monopoly.
  - b) Briefly explain the significance of public sector enterprises and explain the salient features of any two types of Public Enterprises. [5+5]
- OR**
- 7.a) Explain any three methods of Pricing.
  - b) Describe the changing Business Environment in Post - Liberalization scenario. [5+5]

- 8.a) Explain different methods and sources of raising Capital.  
 b) What is Capital budget? And explain the differences between Capital budget and Cash budget. [5+5]

**OR**

- 9.a) Describe the salient features of Payback method and ARR.  
 b) An existing piece of equipment has its market value of Rs. 10,000, maintenance cost is Rs. 1000 per year and has a life of 10 years and no salvage value. The interest rate is 10%. The proposed equipment has an installed cost of Rs. 1,00,000, maintenance cost of Rs. 800 per year, a life of 50 years and salvage value of Rs. 15,000. Suggest, whether proposed equipment should be purchased or not. [5+5]

- 10.a) Explain the salient features of Journal and Ledger and describe the differences.  
 b) Explain the meaning and objectives of Trail Balance and explain its salient features.

[5+5]

**OR**

11. The following Trail Balance was extracted from the books of Mr. A as on 30th September, 1998.

Sl. No.	Particulars	Amount (Rs.)	Amount (Rs.)
01	Capital Account		1,00,000
02	Plant & Machinery	78,000	
03	Furniture	2,000	
04	Sales		1,27,000
05	Purchases	60,000	
06	Returns	1,000	
07	Opening stock	30,000	
08	Discount	425	
09	Sundry Debtors	45,000	
10	Sundry Creditors		25,000
11	Salaries	7,550	
12	Manufacturing Wages	10,000	
13	Carriage Outward	1,200	
14	Provision for Bad Debts		525
15	Rent, Rates and Taxes	10,000	
16	Advertisement	2,000	
17	Cash	6,900	
		<b>2,54,075</b>	<b>2,54,075</b>

Prepare Trading and Profit and Loss Account for the year ended 30th September, 1998 and a Balance sheet as on that date after taking into account the following adjustments.

- Closing Stock was valued at Rs. 34,220.
- Provision for Bad Debts is to be kept at Rs. 500.
- Allow Interest on Capital at 10% per annum.
- Depreciate Plant and Machinery be 10% per annum.

[10]