

R09

Code No: 56023

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**  
**B. Tech III Year II Semester Examinations, November/December - 2015**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
(Common to ECE, CSE, EITM, MMT)

Time: 3 hours

Max. Marks: 75

Answer any five questions  
All questions carry equal marks

- 1 a) Define Managerial Economics and discuss its significance in managerial decisions. [8+7]
- b) What is Law of demand? What are its assumptions and exceptions? [8+7]
- 2 a) Explain "Elasticity of Demand" and the different types of elasticity of demand. Briefly explain the procedure of demand forecasting for a new product. [8+7]
- b) What are the economies of large scale production? What are its limitations? [8+7]
- b) If Selling Price is Rs. 850/-  
    Total Fixed Cost is Rs. 75,00,000/-  
    Average Variable Cost is Rs. 100/-  
    Find the Break-Even Point. [8+7]
- 4 a) Define Monopoly. How is Price determined under Monopoly? [8+7]
- b) Explain any four methods of Pricing. [8+7]
- 5. Describe the features, advantages and disadvantages of Joint Stock Company form of Business enterprise. [15]
- 6 a) What are the methods of raising long term finance for a business organization. [15]
- b) The cost of a project is Rs. 50,000 which has an expected life of 5 years. The cash inflows for the next 5 years are Rs. 24,000; Rs. 26,000; Rs. 20,000; Rs. 17,000; and Rs. 16,000 respectively. Determine the Payback period and Accounting rate of return. [7+8]
- 7. What is Ratio Analysis? Explain the significance and limitations of Ratio analysis. [15]

8. From the following balances extracted from the books of Rao and Co, prepare Trial balance Trading and Profit and Loss Account and Balance Sheet.

6,230	Plant & Machinery	1,250	Opening Stock
1,380	Purchase Returns	11,800	Sales
895	Cash	667	Depreciation
750	Salaries Paid	211	Commission received
1,905	Debtors	380	Insurance Premium
328	Discount paid	300	Carriage Inwards
2,730	Bills receivable	670	Furniture
1,589	Wages	481	Printing & Stationery
1,659	Sales Returns	200	Carriage outwards
4,000	Bank overdraft	9,228	Capital
8,679	Purchases	1,780	Creditors
47	Petty cash	541	Bills Payable
		180	Bad Debts

The value of the stock as on 31<sup>st</sup> December, 2009 was 3,700. [15]

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