

Code No: 56023

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JA WAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY, HYDERABAD

B. Tech III Year II Semester Examinations, May - 2015

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Common to ECE, CSE, ETM, MMT)

Time: 3 hours

Max. Marks: 75

Answer any five questions
All questions carry equal marks

1. State and explain 'Law of Demand'. Why does demand curve slope downward to right? What are the exceptions to the law of demand? [15]
2. Why is 'Demand Forecast' needed by an organization? Explain how opinion collection methods can be adopted for forecasting. [15]
- 3.a) What are assumptions for applying break even theory?
b) From the following data, calculate (i) P/V ratio (ii) Profit when sales are Rs. 20,000 and (iii) New Breakeven point if sales are reduced by 10%.
Fixed Expenses Rs. 4,000
Breakeven point Rs. 10,000. [6+9]
- 4.a) How can pricing decisions be taken under conditions of monopoly?
b) What differences can you point out between monopoly and perfect competition? [7+8]
- 5.a) How can Government enter into business? What changes have you noticed in business environment after liberalization?
b) Explain different sources for mobilising working capital by an organization. [6+9]
6. Prepare final accounts from the following of Mr. Arthur For the year 31-12-2014

Name of the account	Dr. Rs.	Cr. Rs.
Arthur drawings and Capital	10550	1,19,400
Bills receivable	9500	
Plant and machinery	28800	
Debtors and Creditors	62,000	59,630
Wages (Manufacturing)	40,970	
Returns inwards	2,780	
Purchases and Sales	2,56,590	3,56,430
Rent and taxes	5,620	
Stock on 1 st Jan. 1975	89,680	
Salaries	11,000	
Travelling expenses	1,880	
Insurance and Commission received	400	5,640
Cash	3,900	
Bank	18,970	
Loan at 6%		20,000
Interest on loan	1,000	
Interest and discount	4,870	
Bad debts	3,620	
Fixtures and fittings	8,970	

The following adjustments are to be made:

- a) Stock-in-trade in hand on December 31, 2014, Rs.1,28,960.
- b) Write off Rs.500 as bad debts, and create a provision of 5% on debtors.
- c) Outstanding wages are Rs.1,200.
- d) Depreciate machinery by 5% and fixtures and fittings by 10%.
- e) Commission not earned but received amounted to Rs.600.

[15]

7. From the following information, make out a statement of proprietor's funds with as many details as possible:

- a) Current Ratio 2.5
- b) Liquid Ratio 1.5
- c) Proprietary Ratio (Fixed Assets/Proprietary Funds) 0.75
- d) Working Capital Rs. 1, 20,000
- e) Reserves and Surplus Rs. 80,000
- f) Bank Over Draft Rs. 20,000
- g) There are no long-term loans and fictitious assets.

[15]

8. Write short notes on:

- a) Cross elasticity of demand and its measurement.
- b) Present value of money of future cash flows.
- c) Peak load pricing.

[5+5+5]

