

2005 JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY

III B.TECH I SEMESTER REGULAR EXAMINATIONS

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(BIO-TECHNOLOGY AND PRODUCTION ENGINEERING AND MECHANICAL ENGINEERING AND CIVIL ENGINEERING)

NOVEMBER 2005

TIME: 3 HOUR
MARK: 80**ANSWER ANY FIVE QUESTIONS ALL QUESTIONS CARRY EQUAL MARKS**

1. Managerial economics is the study of the allocation of resources available to a firm or other unit of Management among the activities of that unit. Explain.
2. Explain the following with reference to production function,
 - (a) Marginal rate of Technical substitution
 - (b) Variable proportions of factors
3. (a) The information about Raj and Co., are given below:
 - i. Profit-Volume Ratio 20 %
 - ii. Fixed Cost Rs.36,000
 - iii. Selling price per unit Rs.150
 (b) Calculate:
 - i. BEP (in Rs.)
 - ii. BEP (in units)
 - iii. Variable Cost per unit
 - iv. Selling price per unit
4. What is Perfect Competition? How is Market Price determined under conditions of Perfect Competition?
5. (a) What are the characteristics of a business unit?
 (b) Explain the features of sole trader form of organization. Discuss the advantages and limitations of sole trader form of organization.
6. What are the merits and limitations of Pay Back period? How does Discounting approach overcome the limitations of Pay back method?
7. Journalise the following transactions and post them to ledger.
 1. Ram invests Rs. 10,000 in cash.
 2. He bought goods worth Rs. 2,000 from Shyam.
 - 3 He bought a machine for Rs. 5,000 from Lakshman on account
 4. He paid to Lakshman Rs. 2,000
 5. He sold goods for cash Rs. 3,000
 6. He sold goods to A on account Rs. 4,000
 7. He paid to Shyam Rs. 1,000
 8. He received amount from A Rs. 2,000
8. The balance Sheet of X and Co as on 31-12-1998 is as follows:
Liabilities Rs. Assets Rs.

Equity capital 100000 Fixed Assets 180000
9% Preference Shares 50000 Stores 25000
8% debentures 50000 Debtors 55000
Retained earnings 20000 Bills Receivables 3000
Creditors 45000 Bank Balance 2000

265000 265000

Calculate the following:

- (a) Debt Equity Ratio
- (b) Current Ratio
- (c) and interpret
- (d) Liquidity Ratio

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