

CODE NO: RR 220201

**2006 JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY**

**II B.TECH IISEMESTER REGULAR EXAMINATIONS  
MANAGERAL ECONOMICS AND FINANCIAL ANALYSIS  
(CSE,ECE,EEE.IT,BIO E)**

APRIL/MAY 2006

TIME:3 HOUR  
MARK:80

**ANSWER ANY FIVE QUESTIONS ALL QUESTIONS CARRY EQUAL MARKS**

1. (a) What are the possible approaches to forecasting demand for new products?  
(b) Discuss the Utility of demand forecasting.
2. Define production function. Discuss in detail the different types of production functions.
3. Write short notes on the following:
  - (a) Profit-Volume Ratio
  - (b) Margin of Safety
  - (c) Angle of incidence
  - (d) Contribution.
4. (a) What are the causes for the emergence of monopoly?  
(b) How is the equilibrium position attained by a monopolist under varying cost conditions?
5. Evaluate the partnership form of business organization. How does it overcome the limitations of proprietary form of business?
6. What are the components of working capital? Explain each of them.
7. Prepare Trading and profit and loss account for the year ended 31.12.2001 and a Balance Sheet as on that date from the following Trial Balance.  
Dr, Rs. Cr Rs.  
Furniture 6,500  
Plant and machinery 60,000  
Buildings 75,000  
Capital 1,25,000  
Bad debts 1,750  
Reserve for bad debts 3,000  
Sundry debtors 40,000  
Sundry creditors 24,000  
Stock(1.1.2001) 34,600  
Purchases 54,750  
Sales 1,54,500  
Bank overdraft 28,500  
Sales returns 2,000  
Purchases returns 1,250  
Advertising 4,500  
Interest 1,180  
Commision received 3,750  
Cash in hand 6,500  
Salaries 33,000  
General expences 7,820  
Car expences 9,000  
Taxes and insurence 3,500

3,40,000 3,40,000

8. Following is the Profit and Loss Account and Balance Sheet of Jai Hind Ltd. Calculate the following ratios:

(a) Gross Profit Ratio

(b) Current Ratio

(c) Quick ratio.

Profit and Loss Account

Dr. Cr.

Liabilities Rs. Assets Rs.

To Opening stock of finished goods 1,00,000 By Sales 8,00,000

To Opening stock of raw materials 50,000 By Closing stock of raw materials 1,50,000

To Purchase of raw materials 3,00,000 By closing stock of finished goods 1,00,000

To manufacturing Expenses 1,00,000 By Profit or sale of shares 50,000

To Administration Expenses 50,000

To Selling and distribution expenses 50,000

To Loss on sale of plant 55,000

To Interest on debentures 10,000

To Net profit 3,85,000

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11,00,000 11,00,000

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Balance Sheet

Liabilities Rs. Assets Rs.

Share Capital : Fixed Assets 250000

Equity Share capital 100000 Stock of raw materials 150000

Preference share capital 100000 Stock of finished goods 100000

Reserves 100000 Sundry debtors 100000

Debentures 200000 Bank balance 50000

Sundry creditors 100000

Bills payable 50000

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650000 650000