



# THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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**MAIN EXAMINATION**

**JANUARY – APRIL 2014 TRIMESTER**

**FACULTY OF COMMERCE**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**ADVANCED DIPLOMA PROGRAMME**

**CED 092: MANAGERIAL ECONOMICS**

**Date: APRIL 2014**

**Duration: 2 Hours**

**INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions**

- Q1. a) Briefly explain the following terms:
- i) Managerial economics
  - ii) Uncertainty
  - iii) Demand forecasting
  - iv) Differential pricing
  - v) Law of demand **(10 marks)**
- b) Explain the relevance of managerial economics to a business management graduate. **(8 marks)**
- c) Using suitable examples explain any **FOUR** elements of uncertainty in business. **(8 marks)**
- d) What are the exceptions to the law of demand? **(4 marks)**
- Q2. a) Explain **FIVE** major factors that will affect the accuracy of economic forecasts. **(10 marks)**
- b) Distinguish clearly between survey and statistical methods of demand forecasting. **(8 marks)**

- Q3. a) Explain any **FIVE** managerial principles that can assist a manager to improve efficiency in an organization. **(10 marks)**
- b) What is the nature of Managerial Economics? **(4 marks)**
- c) Distinguish clearly between competitive markets and non-competitive markets. **(6 marks)**
- Q4. a) Explain the **TWO** techniques of profit planning in an organization. **(10 marks)**
- b) Explain **FIVE** pricing methods that can be used by an organization to make managerial decisions. **(10 marks)**

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