

R09**Code No: 09A30106****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY, HYDERABAD****B.Tech II Year I Semester Examinations, May/June-2013****Managerial Economics and Financial Analysis****(Civil Engineering)****Time: 3 hours****Max. Marks: 75****Answer any five questions
All questions carry equal marks**

- 1.a) Explain the nature of Managerial Economics.
b) How is Managerial Economics different from traditional Economics? [15]
- 2.a) Define elasticity of demand. What are its effects? How are the price elasticity, cross elasticity and advertising elasticity measured?
b) Given the demand function $Q = 10 - 2P$
a) Prepare a demand schedule and draw the demand curve
b) Derive the total and marginal revenue schedules
c) Calculate the elasticity of demand for the decrease in price from Rs. 3/- to Rs.2/-. [15]
- 3.a) Explain the statistical estimation of cost functions. Why is the statistical estimation more popular than engineering estimation of costs?
b) From the following information, calculate
a) BEP Point in Rupees
b) Fixed cost
c) P/V Ratio
d) Margin of safety. [15]
e) Prepare break-even graph.

Information	Years	
	2009	2010
Particulars	2009	2010
Sales in Rs.	3,00,000	4,00,000
Profit in Rs.	40,000	60,000

- 4.a) Explain the equilibrium of a firm in the factor market under conditions of perfect competition.
b) Explain the concept of industry, clearly bringing out the criteria used for defining it. How precisely can you define the concept in case of monopolistic competition? [15]
- 5.a) Explain, why the joint stock company form of business organization is advisable to under take huge and risky project.
b) State any Ten factors required to be considered while choosing the right form of business organization. [15]
- 6.a) Discuss the various accounting policies, concepts and conventions.
b) From the following ledger balances, prepare final accounts
Ledger Balances (Given in Rupees)
1) Opening stock 3600
2) Wages 2000
3) Sales 24000
4) Bank loan 880
5) Coal and coke 600

- 6) Purchases 15000
- 7) Repairs 400
- 8) Carriage 300
- 9) Income Tax paid 300
- 10) Debtors 4000
- 11) Lease hold premises 1200
- 12) Cash in Hand 40
- 13) Plant and Machinery 1500
- 14) Loose Tools 360
- 15) Lighting 460
- 16) Creditors 1600
- 17) Capital 8000
- 18) Miscellaneous receipts 120
- 19) Office salaries 500
- 20) Office furniture 120
- 21) Patents 200
- 22) Good will 3000
- 23) Cash at Bank 1020. [15]

7.a) What similarities and differences exist in the objectives of investors and creditors in using financial statement analysis?

b) From the following information, you are required to prepare Balance sheet:

- 1) Current Ratio 1.75
- 2) Liquid Ratio 1.25
- 3) Stock turnover Ratio (cost of sales/closing stock) 9
- 4) Gross Profit Ratio 25%
- 5) Debt collection period $1\frac{1}{2}$ months
- 6) Reserves and surpluses to capital – 2
- 7) Turnover to fixed assets 1.2
- 8) Capital gearing ratio 0.6
- 9) Fixed assets to net worth 1.25
- 10) Sales for the year Rs. 12,00,000. [15]

8.a) Elucidate the nature of capital budgeting problem. What are the principal methods of ranking alternative investment proposals?

b) Explain the following:

- i) Trial Balance
- ii) Peak load pricing
- iii) Law of demand
- iv) Working capital. [15]

---oo0oo---