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JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY, HYDERABAD**B. Tech III Year I Semester Examinations, May/June – 2013****Managerial Economics and Financial Analysis****(Common to ME, EIE, BME, IT, MCT, E.Comp.E, BT, AME, MIE, MIM)****Time: 3 hours****Max. Marks: 75****Answer any five questions****All questions carry equal marks**

1. “Managerial economics is an integration of economic theory, decision science and business management”. Comment. [15]
2. What is point elasticity of demand? How is it measured? [15]
3. Explain the laws of returns to scale. Describe them using the ISO-Quants. [15]
4. Explain the features of perfect competition. [15]
5. Outline the emerging trends in business environment in post liberalization era. [15]
6. Super State Company is evaluating two capital projects whose estimated cash savings are as follows:

Year	Cash in-flows	
	Project –X (Rs.)	Project –Y (Rs.)
1	7,000	10,000
2	9,000	5,000
3	12,000	7,000
4	12,000	12,000
5	20,000	15,000

Project X costs Rs.50,000 and Project Y costs Rs.30,000. Neither project has any salvage value at the end of its useful life. Compute the payable period on each project. [15]

7. The following trial balance was extracted from the books of a sole trader for the year ended 31st March 2013:-

	Debit Rs.	Credit Rs.
<u>Account balances</u>		
Purchases & Sales	39 600	76 000
Returns	300	450
Carriage inwards	1 200	
Carriage outwards	900	
Opening stock	5 200	
Salaries	7 550	
Commission	670	
Wages	3 000	
Debtors & Creditors	8 000	4 200
Discounts	500	800
Plant & Machinery	19 000	
Rates	450	
Furniture & Fittings	6 500	
Bank overdraft		3 500
Office expenses	150	
General expenses	600	
Cash in hand	250	
Bank Loan		5 000
Capital		3 920
Total	93 870	93 870

Adjustments:-

- 1) The stock on 31-3-2013 was valued at Rs. 6 500
- 2) Carriage outwards was owing by Rs. 100
- 3) Rates prepaid Rs. 150
- 4) Rent for the year was earned but not received Rs. 700
- 5) General expenses owing Rs. 180

From the above information you are required to prepare at 31st March 2013:-

- a) The Trading and profit & loss account
- b) The Balance sheet.

[15]

8. You are required to calculate Average Collection Period from the information given below:

Total Sales	Rs.3, 00,000
Cash Sales	20% of net sales
Sales returns	Rs.25, 000
Total debtors at the end of the year	Rs.30, 000
Bills receivable at the end of the year	Rs.10, 000
Provision for bad debts	Rs. 3,000

[15]
