

Code No: 09A60401

**R09**

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**

**B.Tech III Year II Semester Examinations, November/December – 2013**

**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

**(Common to ECE, CSE, ETM, MMT)**

**Time: 3 hours**

**Max. Marks: 75**

**Answer any five Questions  
All Questions carry equal marks**

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1. Define 'Managerial Economics' and explain its importance in finding solutions to business problems. [15]
2. What do you understand by 'Demand forecasting'? Discuss in detail the different methods followed for this purpose. [15]
3. How are Markets classified? What differences could you bring out between Perfect competition, Monopoly and Monopolistic competition? [15]
4. Write short notes on:  
a) Working capital cycle  
b) Public sector undertakings  
c) Double entry principles  
d) Partnership firm. [15]
5. From the following information, calculate the breakeven point and turnover required to earn a profit of Rs.60,000  
Fixed overheads:Rs.42,000 Variable cost per unit:Rs.4.00 and selling price per unit:Rs.10.00  
If the profit volume is Rs.60,000 what is the margin of safety? [15]
6. A Co. Is considering an investment proposal at a cost of Rs.50,000 and with a life of 5 years and no salvage value. The estimated CFBT (cash flows before tax @ 35% are as follows):

Year	CFBT
1	Rs.10,000
2	10,692
3	12,769
4	13,462
5	20,385

Compute the following: a) Payback period; b) Average rate of return; c) NPV at 10% discounting rate and d) IRR. [15]

7. Following information is given to you:

Current liabilities	Rs.1,00,000	Reserves and surplus	Rs.50,000
Bills payable	40,000	Debtors	35,000

Current ratio = 1.75 Acid Test ratio = 1.15 and  
fixes assets to proprietor's funds .75

The current assets of the firm consist of debtors, stock and cash. There is no long term liability. You are required to prepare the balance sheet. [15]

8. From the following trial balance, prepare Trading and Profit & loss account of Mr.Rao for the year ending 31<sup>st</sup> March, 2013 and the Balance sheet as on that date:

<u>Particulars</u>	<u>Debit balances</u>	<u>Credit balances</u>
Debtors and creditors	Rs.12,000	Rs.7,900
Drawings and capital	2,900	30,000
Trading expenses	920	
Purchases and sales	8,640	14,290
Returns	190	280
Carriage inwards	250	
Wages and salaries	4,120	
Opening stock	3,100	
Discounts	80	240
Bad debts	300	
Machinery	4,510	
Cash on hand	15,700	
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	52,710	52,710
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Closing stock was valued at Rs.40,000.

[15]

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