

Code No: 55015

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B. Tech III Year I Semester Examinations, November - 2015

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Common to ME, EIE, IT, MCT, BT, AME, MIE, MIM, MSNT)

Time: 3 hours

Max. Marks: 75

Answer any five questions
All questions carry equal marks

1. Managerial economics is the integration of economics theory with business practice for the purpose of facilitating decision making and forward planning by management. Explain. [15]
2. What is elasticity of demand? Explain different types price elasticities with suitable examples. What are the practical uses of study of 'Elasticity of demand'? [15]
3. How can least cost combination of factor inputs be achieved in 'Isoquant Analysis'? [15]
4. What is pricing? What are the various practices of pricing methods in India? [15]
5. What is monopoly? Give examples. How is the price-output determined in the short-run and in the long-run in the monopoly market? [15]
6. Determine the working capital requirements from the following particulars:

Annual Budget for	Amount (Rs. In lakh)
Raw/Materials	720
Supplies and Components	240
Manpower Expenses	480
Factory Expenses	130
Administration Expenses	180
Sales	2380

You are given the following additional information:

Stock Levels Planned:

Raw Materials 30days; supplies and components 90 days.

50 % of the sales are for cash; for the remaining 20 days credit is normal. Finished goods are held in stock for a period of 7 days before they are released for sale and are valued at factory cost.

Goods remain in process for 5 days.

Materials and components are supplied in the beginning and expenses are incurred evenly.

The company enjoys 30 days credit facilities on 20 % of the purchases. Assume 360 days in a year. [15]

7. A project costs Rs.75, 000, cost of capital is 15%, and its cash inflows (Rs.) are given below:

Year	1	2	3	4	5
Cash Inflows	22,000	23,000	30,000	25,000	20,000

Compute the Net present Value.

[15]

8. From the following Trial Balance of X Ltd. Company as at 31 st March, 2009. Prepare Trading and Profit and Loss Account for the year ended 31 st March 2009 and a Balance Sheet as on that date:

Debit Balances	Rs.	Credit Balances	Rs.
Stock	45,000	Share Capital	75,000
Plant and Machinery	75,000	Sales	4,20,750
Purchases	2,25,000	Sundry Creditors	15,000
Trade Charges	10,000	Bad Debts Provision	200
Carriage Inwards	2,500	Bills Payable	2,000
Carriage Outwards	1,500	P/L A/c	
Factory Rent	1,500	Reserves and surpluses	25,000
Discount	350		15,000
Insurance	700		
Sundry debtors	60,000		
Office Rent	3,000		
Printing and stationary	600		
Travellers Salaries	2,800		
Advertising	15,000		
Bills Receivable	6,000		
Drawings	6,000		
Salaries	15,000		
Wages	20,000		
Furniture	7,500		
Coal and Gas	1,000		
Cash in hand	2,000		
Cash at Bank	12,500		
Goodwill	40,000		
	5,52,950		5,52,950

Adjustments:

- Closing Stock amounted to Rs. 35,000.
- Depreciation Machinery by 10% and Furniture by 5%.
- Raise the Bad Debts Provision to 5% on Debtors.
- Outstanding Factory Rent Rs. 300 and Office Rent Rs. 600.
- Insurance Prepaid Rs. 100.

[15]

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