

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****B. Tech-III-Year I Semester Examinations, November/December - 2012****MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS****(Common to ME, EIE, BME, IT, MCT, ECM, ICE, BT, AME, MIE, MIM)****Time: 3 hours****Max. Marks: 75****Answer any five questions****All questions carry equal marks**

1. Managerial economics is goal oriented. What is the nature and scope of Managerial Economics? [15]

2. What are the different methods of Demand Forecasting?

3.a) Explain Production function with one variable input.  
b) What is isoquant, isocost and MRTS? Explain.

4.a) Explain the features of Perfect Competition.

b) Explain the price output determination in Perfect Competition. [15]

5. Compare and contrast the features of Partnership and Joint Stock Company. [15]

6. Company is considering an investment proposal which requires an initial outlay of Rs. 1,00,000 and has a life of five years with no salvage value. The company's tax rate is 50%. The firm uses straight-line depreciation method. The estimated cash flows before tax are as follows.

Year	1	2	3	4	5
Cash flows before tax	10,000	11,000	14,000	15,000	25,000

You are required to calculate a) pay-back period b) Net Present Value. The company's required rate of return is 10%. [15]

**Contd...2**

7 Prepare journal and Ledger and Trial Balance from the following transactions.

1998

May

Rs.

1	Purchased goods from Teja.	30,000
2	Sold goods to Kapil Rs.15,000/- and received a cash of	3,000
4	Purchased goods from Sai for Rs.12,000/- and paid	2,000
6	Bought Indica Car and presented it to his son-in-law	250,000
7	Cash paid to M/s. Jasper Industries Ltd.,	250,000
8	Purchased Santro Car for office use	300,000
10	Kapil became insolvent, a dividend of 50 ps. In a rupee is received	
11	Bought Indica Car and presented it to his son-in-law	300,000
12	Sai account settled with a discount of	500

8 From the following balance sheet of ABC Co. Ltd., calculate the following ratios  
 i) Current Ratio      ii) Quick ratio      iii) Debt equity ratio.

Balance Sheet of ABC Co., Ltd., as on 31.12.2008.

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	1000	Plant and Machinery	975
Debentures	900	Stock	550
Creditors	200	Debtors	550
Outstanding expenses	100	Cash in hand	375
Profit and loss account	100	Prepaid expenses	50
Bank loan (Long Term)	200		
Total	2500		2500

