

Code No: 56023

**R09**

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY, HYDERABAD**

**B. Tech III Year II Semester Examinations, December-2014/January-2015**

**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. State Law of Demand and explain it. What are the various exceptions to this law?
- 2.a) What is cross elasticity of demand? What is its significance?  
b) What are the factors affecting demand forecasting exercise by a firm?
- 3.a) What are the factors that influence internal economics and internal diseconomics?  
b) What is sunk cost? Illustrate your answer with an example.
4. Compare and contrast Perfect Competition with Monopoly market conditions.
5. What are the features of  
a) Departmental Undertaking and  
b) Public Enterprises.
6. ABC Ltd. is considering investing in a project that costs Rs.50,00,000. The estimated salvage value is zero. The cash flow for the next 5 years is as follows:

year	cash flow in rupees
1	12,50,000
2	25,00,000
3	20,00,000
4	15,00,000
5	15,00,000

Determine the following:

- a) Payback period
- b) Average rate of return.
- c) Net present value, if the discounting rate is 10%

- 7.a) Correct the following Trial Balance and ascertain difference in trial balance totals, if any.

	Debit Rs.	Credit Rs.
opening stock	10,000	
purchases	50,000	
reserve fund	5,000	
carriage on goods purchased	1,000	
bank deposit		50,000
cash in hand	2,000	
purchase returns	1,500	
sales		92,600
sales returns	2,400	
capital		1,50,000
import duty	1,200	
export duty	1,050	
debtors	50,000	
creditors		62,500
plant & machinery	1,22,500	
salary	20,000	
wages	10,000	
bills receivables	15,000	
bills payable		10,000
interest received		3,000
commission on sales	1,000	
miscellaneous expenses	6,600	
carriage on goods sold		1,850
total	1,99,250	3,69,950

- b) What are the various reasons for any disagreement of Trial balance totals?
- 8.a) A company has a Rs. 15,00,000 as unsecured long-term loans, Rs. 25,00,000 as secured long-term loans and Rs. 10,00,000 as current liabilities. Its share capital plus reserves and surplus is Rs. 75,00,000. Calculate its debt/equity ratio.
- b) Calculate the receivables turnover and average collection period of the company whose sales are Rs. 3,00,00,000 and sundry debts are Rs.50,00,000.