

Code No: 09A50301

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY, HYDERABAD

B. Tech III Year I Semester Examinations, June/July - 2014

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Common to AME, BME, BT, ECOMPE, EIE, IT, ME, MCT, MIE)

Time: 3 hours

Max. Marks: 75

Answer any five questions
All questions carry equal marks

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1. Explain in detail the nature and scope of managerial economics. Discuss the importance of micro economics in managerial decisions.
2. What is elasticity of demand? Explain various kinds of elasticities of demand used in managerial decision making process.
3. Given the demand function: $=10-2p$
 - a) Prepare a demand schedule and draw the demand curve
 - b) Derive the total and marginal revenue schedules
 - c) Calculate the elasticity of demand for the decrease in price from Rs 3/- to Rs 2/-.
- 4.a) What differences would you identify between perfect competition and monopoly?
b) How differently product differentiation can be done?
5. Explain the following:
 - i) Assumptions of BEP
 - ii) Out of pocket costs
 - iii) Joint stock company
 - iv) Business environment in post liberalization.
- 6.a) Discuss the various accounting principles and accounting conventions.
b) Explain various phases that are involved in accounting mechanism with suitable examples.
7. The Fiasco has got to Rs 20000 to invest. The following proposals are under consideration

Project	Initial outlay in Rs	Annual cash flow after Tax in Rs	Life in years
A	10,000	2,500	5
B	8,000	2,600	7
C	4,000	1,000	15
D	10,000	2,400	20
E	5,000	1,125	15
F	6,000	2,400	6
G	2,000	1,000	2

Rank them on the basis of payback period method and accounting rate of return method.

- 8.a) What is financial analysis? Discuss various types of financial analysis.
b) Vem limited sells goods on cash as well as credit. The following particulars are extracted from the books of accounts for the current year.

Total gross sales	Rs/- 1,00,000
Cash sales (included in above)	20,000
Sales returns	7,000
Total debtors at the end	9,000
Bills receivable	2,000
Provision for doubtful debts at the end of the year	1,000
Total creditors at the end	10,000

Calculate the average collection period and inter the result.

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