PVP 14

Code: CS8T1

IV B.Tech - II Semester – Regular/Supplementary Examinations - July 2021

MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS
(COMPUTER SCIENCE AND ENGINEERING)

Duration: 3 hours Max. Marks: 70

PART – A

Answer ***all*** the questions. All questions carry equal marks

11x 2 = 22 M

1.

a) Opportunity cost Principle.

b) Veblen Goods.

c) Price elasticity of demand.

d) Demand forecasting.

e) Isocosts.

f) Fixed cost and variable cost.

g) Monopoly.

h) Cost based Pricing.

i) Journal.

j) Gross Profit Ratio.

k) Payback Period Method.

PART – B

Answer any ***THREE*** questions. All questions carry equal marks.
3 x 16 = 48 M

2. a) Define Managerial Economics. Explain its scope. 8 M

   b) Explain various determinants of demand. 8 M

3. a) Define Income elasticity of demand and explain its types. 8 M

   b) Explain various survey methods of demand forecasting. 8 M

4. a) Discuss law of variable proportions with assumed data. 8 M

   b) Consider the following data of a company for the year 2020:
   Sales Rs. 1,20,000, Fixed cost Rs. 25,000, Variable cost Rs. 45,000
   Find: i) Contribution ii) Profit iii) BEP, and
   iv) Margin of safety 8 M

5. a) Explain the features of Perfect competition. 8 M

   b) Explain the features of Monopolistic competition. 8 M

6. a) The Trail balance of Mr. Ramesh as on 31st March, 2020 revealed the following balances. Prepare trading, profit and loss A/c for the year ending 31st March, 2020 and a balance Sheet as on that date. 8 M

Particulars	**Amount**	**Particulars**	**Amount**
Plant & machinery	160,000	Capital account	200,000
Purchases	136,000	Sales	250,000
Sales returns	2,000	Purchase returns	6,550
Opening stock	60,000	Discount received	1,600
Discount allowed	700	Sundry creditors	50,000
Bank charges	150		
Sundry debtors	90,000		
Salaries	16,000		
Wages	20,000		
Insurance	1,500		
Rent and rates	4,000		
Advertisements	4,000		
Cash in hand	13,800		
	508,150		**508,150**

Adjustments: i)Closing Stock was valued at Rs. 70,000,
ii) Outstanding Salaries Rs.1000, and
iii) Prepaid insurance Rs.500

b) Consider the case of the company with the following two investment alternatives each costing 9,00,000. The details of the cash inflows are as follows: 8 M

Year	Cash flows (in ₹)	
	Project-1	Project- 2
1	3,00,000	6,00,000
2	5,00,000	4,00,000
3	6,00,000	3,00,000

The cost of capital is 10% per year. Which one will you choose under NPV Method? PV Factors @10% : 0.909, 0.826, 0.751