Code: IT7T1

IV B.Tech - I Semester – Regular Examinations – October 2017

MANAGERIAL ECONOMICS AND FINANCIAL ACCOUNTANCY
(INFORMATION TECHNOLOGY)

Duration: 3 hours   Max. Marks: 70

PART – A

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

11x 2 = 22 M

1. a) What is elasticity of demand?
   b) Define marginal cost.
   c) What are Iso-quants?
   d) Explain BEP.
   e) What do you mean by Economies of scale?
   f) What is Journal Proper?
   g) What is Marginal utility?
   h) Distinguish between profitability and solvency ratios.
   i) List the subsidiary books.
   j) Differentiate between IRR and ARR.
   k) Explain the traditional methods of capital budgeting.

PART – B

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

2. a) Explain the process of Managerial decision making.   8 M

   b) Enumerate different methods of demand forecasting.   8 M

3. a) What is production function? Why is it useful in the analysis of firm's behaviour?   8 M

   b) Elucidate the different pricing policies of a firm.   8 M

4. a) A firm has a fixed cost of Rs.10,000/-; Selling price per unit is Rs.5/- & Variable cost per unit is Rs.3/-.   8 M
      i) Determine break-even point in terms of volume & also sales value.
      ii) Calculate the margin of safety considering that the actual production is 8000 units.

   b) Discuss the factors affecting the choice of form of business organization.   8 M

5. Write a note on the following: 16 M
   a) Current ratio   b) Debt-equity ratio   c) Operating ratio
   d) Limitations of Ratio Analysis

6. A Company has at hand two proposals for consideration
   (M & N). The cost of the proposals in both cases is
   Rs.5,00,000/- each. A discount factor of 12% may be used to
   evaluate the proposals. Cash inflows after taxes are as under.

   16 M

Year	Proposal(M)	Proposal(N)
1	1,50,000	50,000
2	2,00,000	1,50,000
3	2,50,000	2,00,000
4	1,50,000	3,00,000
5	1,00,000	2,00,000

   Which one will you recommend under present value method?