

Code: IT7T1

**IV B.Tech - I Semester – Regular/Supplementary Examinations
October - 2018**

**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) State the exceptions to Law of demand.
- b) What is the significance of Price elasticity of demand?
- c) Why is demand forecasting important in managerial economics?
- d) Differentiate between fixed costs and variable costs?
- e) What are the objectives of pricing?
- f) What is the significance of Break even Analysis?
- g) Define partnership. List the features of partnership.
- h) What are Accounting Conventions?
- i) Write short notes on: i) Current Ratio ii) Debt Equity Ratio
- j) What is Capital Budgeting?
- k) List the methods of Capital Budgeting.

PART – B

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

2. a) Define Managerial Economics and explain scope of Managerial Economics. 8 M

b) What is elasticity of demand and explain how you measure it? 8 M

3. a) Explain economies and Diseconomies of scale. 8 M

b) Explain the features of Short run average cost curve and long run average cost curves. 8 M

4. a) Evaluate the sole trader form of organization. 8 M

b) Define BEP. How do you determine it? Show graphical representation. 8 M

5. Calculate the liquidity ratios from the following Debtors Rs 25000, Stock – Rs 50000, Bills Receivable Rs 20000, Cash at Hand Rs 8000, Cash at Bank Rs 9500, Sundry Creditors Rs 40000, Bills Payable Rs 25000. Comment on the ratios. 16 M

6. What are Discounted cash flows? Explain the different Methods. State the limitations of capital budgeting. 16 M