

B.Tech II Year II Semester (R13) Regular Examinations May/June 2015

**MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS**

(Information Technology)

Time: 3 hours

Max. Marks: 70

**PART – A**

(Compulsory Question)

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1 Answer the following: (10 X 02 = 20 Marks)

Explain the following terms:

- (a) Marginal cost.
- (b) Giffen parabox.
- (c) Demand forecasting.
- (d) Sleeping partner.
- (e) Isocost.
- (f) Imputed costs.
- (g) Current assets.
- (h) Time value of money.
- (i) Journal.
- (j) Working capital.

**PART – B**

(Answer all five units, 5 X 10 = 50 Marks)

**UNIT – I**

2 Define managerial economics. Explain its nature and scope.

OR

3 What is demand forecasting? Explain possible approaches to forecast demand for new products.

**UNIT – II**

4 (a) What is isoquant? Is this intersect with isocost?

(b) Explain Cobb-Douglas production function.

OR

5 The PV ratio of Matrix books Ltd, is 40% and the margin of safety is 30% you are required to work out the BEP and Net profit, if the sales volume is Rs 14,000.

**UNIT – III**

6 What is monopoly? How is price determined under monopoly?

OR

7 Define the sole trade form of organization and differentiate between sole trade and partnership.

**UNIT – IV**

8 What are the components of working capital? Explain each of them.

OR

9 Consider the case of the following company M/S Venkata Ramana with the following two investment alternatives each proposal of 6 lakhs. The details of cash inflow is as follows.

Year	1	2	3
Proposal – I (Rs)	2,00,000	4,00,000	3,00,000
Proposal – II (Rs)	3,00,000	2,00,000	4,00,000

The cost of the capital is 12% factor per year. Which one you will choose:

- (a) NPV method.
- (b) IRR method.

**UNIT – V**

10 As a financial analyst, what precautions would you take while interpreting ratios meaningfully?

OR

11 Define accounting. Explain accounting concepts and conventions.

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