PVP 14

Code: IT7T1

IV B.Tech - I Semester – Regular/Supplementary Examinations
March - 2021

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) Demand determinants.
   b) Define Price Elasticity of Demand.
   c) Write about Isoquants.
   d) Explain Law of increasing returns to scale.
   e) Explain Cobb-Douglas Production Function.
   f) Define Sole Proprietorship.
   g) Define Margin of Safety.
   h) Explain Double entry system.
   i) Write about Current Ratio.
   j) What is Payback period.
   k) Define 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 its nature.

8 M

b) Define Law of Demand. What are its exceptions? Explain.

8 M

3. a) Discuss briefly the relationship among total product, average product and marginal product with the help of assumed data represent graphically. 8 M

b) State and explain the features of Monopoly. 8 M

4. a) Describe partnership form of organization and explain its features. 8 M

b) From the following data calculate: (i) BEP (in units) (ii) BEP (in sales value) (iii) P/V ratio (iv) How many number units sold to earn a profit of Rs.1,20,000/-, Number of units sold 20,000 units, selling price per unit Rs.30/-, variable cost per unit is Rs.15/- per unit and fixed cost is Rs.80,000/-. 8 M

5. The following balances are extracted from the books of Chandra for the year ending 31st March, 2019. Prepare a Trading and Profit and Loss account and Balance sheet.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		70,000
Purchases	40,000	
Sales		75,000
Returns	2,000	5,000
Opening Stock	10,000	
Loans		5,000
Discounts	1,000	
Wages	3,000	
Debtors	25,000	
Creditors		5,000
Cash in hand	20,000	
Cash at Bank	10,000	
Plant and Machinery	30,000	
Buildings	10,000	
Drawing	5,000	
Bills Receivable	10,000	
Bills Payable		6,000
Total	**1,66,000**	**1,66,000**

Adjustments:

i) Closing stock was valued at Rs. 30,000/-

ii) Provide Rs.5,000/- Doubtful Bad debts. 16 M

6. 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:

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? 16 M