

**II B.Tech I Semester Supplementary Examinations, May 2005**  
**MANAGERIAL ECONOMICS AND PRINCIPLES OF ACCOUNTANCY**  
( Common to Electronics & Communication Engineering, Computer Science  
& Engineering, Bio-Medical Engineering, Information Technology,  
Electronics & Telematics and Electronics & Computer Engineering)  
Time: 3 hours Max Marks: 80

**Answer any FIVE Questions**  
**All Questions carry equal marks**

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1. "Managerial economics is the discipline which deals with the application of economic theory to business Management" Discuss.
2. Discuss the utility of demand forecasting. What are the criteria of a good forecasting method?
3. Explain the following with reference to production function,
  - (a) Substitutability of factors
  - (b) Variable proportions of factors
4. What is opportunity cost? Give some examples of opportunity cost. How are these costs relevant for managerial decisions?
5. What are the components of working capital? Explain each of them.
6. Compare and contrast between perfect competition and monopoly.
7. What do you mean by Sole Proprietorship? Explain its merits and limitations
8. The following information is given about XYZ Ltds. For a given year.  
Stock- Turnover ratio = 6 times  
Sales during the year Rs.3,00,000  
Gross profit ratio to sales = 20%  
Closing stock = Rs.1 0,000 more than opening stock.  
Opening balance and closing balance of Creditors: Rs.20,000 and Rs.30,000.  
Debtors at the end of the year Rs.60,000  
Net working capital:Rs.50,000  
Find out the following: (a) Average stock (b) Purchases (c) creditor-turnover ratio and (d) Working capital ratio.

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