

III B.Tech I Semester Supplementary Examinations, November 2005
MANAGERIAL ECONOMICS AND PRINCIPLES OF ACCOUNTANCY
 (Common to Civil Engineering, Mechanical Engineering, Chemical
 Engineering, Mechatronics, Computer Science & Systems Engineering,
 Metallurgy & Material Technology and Production Engineering)
 Time: 3 hours Max Marks: 80

Answer any FIVE Questions
All Questions carry equal marks

1. Point out the importance of managerial Economics in decision making [4+8+4]
2. Discuss the utility of demand forecasting. What are the criteria of a good forecasting method? [4+12]
3. Explain the following with reference to production function,
 - (a) Substitutability of factors
 - (b) Variable proportions of factors

[8+8]
4. If sales is 10,000 units and selling price is Rs.20 per unit, variable cost Rs.10 per unit and fixed cost is Rs.80,000 find out BEP in units and in sales revenue. What is profit earned? What should be the sales for earning a profit of Rs.60,000? [8+8]
5. Examine following three projects proposals and evaluate them based on (a) pay back (b) ARR

Investment (Rs.)	Project A	Project B	Project C
	10,00,000	10,00,000	10,00,000
Cash inflowsYear 1	5,00,000	6,00,000	2,00,000
2	5,00,000	2,00,000	2,00,000
3	2,00,000	2,00,000	6,00,000
4	———	———	4,00,000

[8+8]

6. How does a Monopoly firm attain equilibrium under different cost conditions?

[8+8]
7. Explain the features of sole trader form of organisation. Discuss the relative advantages and limitations of sole trader form of organization. [4+6+6]
8. Who are the users of financial statements of a business unit and explain how differently they interpret the financial data? [8+8]
