

Code: R7210505

B.Tech II Year I Semester (R07) Supplementary Examinations December 2015

MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS

(Common to CSE, IT & CSS)

(For 2008 Regular admitted batch only)

Time: 3 hours

Max. Marks: 80

Answer any FIVE questions
All questions carry equal marks

- 1 "Managerial economics is a multi disciplinary new discipline". Discuss.
- 2 What is demand forecasting? Explain its importance in business decision making.
- 3 Define B.E.P. Explain the uses and limitations of B.E.P.
- 4 Explain the role of time factor in the determination of price. Also explain price output determination under perfect competition market.
- 5 Define 'Partnership'. Explain the silent features and limitations of partnership business.
- 6 Consider the case of a company with the following two investment proposals each costing Rs. 9 lakhs. The details of cash flows are given below.

Year	Rs. in lakhs	
	Project – I	Project – II
1	3	6
2	5	4
3	6	3

The cost of capital is 10% per year. Which one will you choose under:

- (a) NPV method.
 - (b) IRR method.
- 7 What procedure do you follow to prepare a trail balance and how can you validate the trail balance prepared?
 - 8 Explain and illustrate the following and also their significance on decision making:
 - (a) Profitability ratios.
 - (b) Operating ratios.
