

LAGOS CITY POLYTECHNIC, IKEJA
SCHOOL OF MANAGEMENT AND BUSINESS STUDIES
DEPARTMENT OF BUSINESS ADMINISTRATION
2016/2017 SEMESTER EXAMINATION

1. (a) Define Risk and uncertainty in business

(b) Describe known attitude of an investor toward risk in business.

(c) How could risk in business be controlled?
ECONOMICE II **MANAGERIAL**
NO OF QUESTION: 5

COURSE CODE: BAM 422 **TIME: ALLOWED:**

2. (a) Steve Ventures Ltd in considering selecting between two Project: A & B that have the following information available:

FOR WHOM: **HND, YR II** **BAM** **PT** **INSTRUCTIONS:**
the following information available:
any **four**

1. (a) **Questions** Risk and Project A in Project B business

(b) Cost of project N100,000 N150,000
Describe known attitude of an investor toward risk in business.

(c) Life of project 4 years 4 years
How could risk in business be controlled?

Residual value N5,000 N15,000

2. (a) Estimated future profit before depreciation and tax Year 1 N35,000 N40,000
the following information available:

Project 3 A N56,000 N60,000 Project B

Cost of project 4 N100,000 N80,000 N150,000

Life of project 4 years 4 years
Assuming a straight line depreciation a tax of 35% and company's target rate of 20%, advise the company which project should be selected.

Residual value N5,000 N15,000

(b) **Outline** investment decision process.
depreciation and tax Year 1 N35,000 N40,000

3. (a) Enumerate characteristics of perfect competitive firm.

(b) A discriminating monopolist whose demand and cost functions are given below separated

his consumes into markets.
 $P_1 = 160 - 10q$; $P_2 = 360 - 40q_2$ and

Assuming a straight line depreciation a tax of 35% and company's target rate of 20%, advise the company which project should be selected.

(i) The output maximizing level where profit is maximized in each market.

(ii) The individual market price maximizing profit.

3. (a) Enumerate characteristics of perfect competitive firm.

(iii) The profit maximizing value.

4. (a) A discriminating monopolist whose demand and cost functions are given below separated they

his consumes into markets.
being $P_1 = 160 - 10q$; $P_2 = 360 - 40q_2$ and

$T = 50 + 20(Q_1 + Q_2)$. Determine:

(b) What are roles government should perform in capitalist economy as identified by

