

Code No: 185AC

R22

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B. Tech III Year I Semester Examinations, January - 2025

BUSINESS ECONOMICS AND FINANCIAL ANALYSIS

(Common to CE, EEE)

Time: 3 Hours

Max. Marks: 60

Note: This question paper contains two parts A and B.

i) Part- A for 10 marks, ii) Part - B for 50 marks.

- Part-A is a compulsory question which consists of ten sub-questions from all units carrying equal marks.
- Part-B consists of ten questions (numbered from 2 to 11) carrying 10 marks each. From each unit, there are two questions and the student should answer one of them. Hence, the student should answer five questions from Part-B.

**PART- A**

**(10 Marks)**

- |      |  |     |
|------|--|-----|
| 1.a) | Brief on theory of firm.                                 | [1] |
| b)   | Mention phases of Business Cycle.                        | [1] |
| c)   | What do you mean by demand?                              | [1] |
| d)   | What are the characteristics of Good Demand Forecasting? | [1] |
| e)   | Write formula of Break-Even sales.                       | [1] |
| f)   | Mention any two features of Perfect competition.         | [1] |
| g)   | Mention any two Accounting Concepts.                     | [1] |
| h)   | What are the current liabilities?                        | [1] |
| i)   | Write formula of any one Solvency Ratio.                 | [1] |
| j)   | Write formula of Working Capital.                        | [1] |

**PART - B**

**(50 Marks)**

- |           |   |       |
|-----------|---|-------|
| 2.a)      | Define Business Economics and describe the scope of Business Economics.     |       |
| b)        | Describe the impact of money supply on inflation.                           | [5+5] |
| <b>OR</b> |   |       |
| 3.a)      | Write a note on Sources of Capital for a Company.                           |       |
| b)        | Explain Role of Business Economist in business.                             | [5+5] |
| 4.a)      | Explain Law of Demand and brief the determinants of demand.                 |       |
| b)        | Explain any three methods of Demand Forecasting.                            | [5+5] |
| <b>OR</b> |   |       |
| 5.a)      | Explain Supply Function and law of supply.                                  |       |
| b)        | Discuss how Elasticity of Demand is useful in decision making.              | [5+5] |
| 6.a)      | Explain Law of Returns to Scale with suitable example.                      |       |
| b)        | Describe the pricing methods.   | [5+5] |
| <b>OR</b> |   |       |
| 7.a)      | What is Break Even Analysis? What are its applications?                     |       |
| b)        | Calculate Break even sales and Margin of Safety from the following details: |       |
|           | Fixed Cost: Rs. 1,00,000  |       |
|           | Sales: Rs. 5,00,000   |       |
|           | Variable Cost: Rs. 2,00,000   | [5+5] |

- 8.a) Mention rules for maintaining Books of Accounts and brief on accounting conventions.  
 b) What is Journal? Write the procedure for entering transactions in journal with examples. [6+4]

**OR**

9. Prepare Trading, Profit and Loss Account and Balance Sheet from the following trial balance: [10]

	Dr.	Cr.
Purchases	1,80,000	
Opening Stock	10,000	
Salaries	5,400	
Rent	2,750	
Machinery	29,000	
Wages	4,200	
Furniture	5,000	
Electricity	550	
Trade expenses	2,600	
Debtors	10,500	
Buildings	30,000	
Sales		2,05,000
Loan		10,000
Creditors		15,000
Capital		55,000
Drawings	5,000	
Total	2,85,000	2,85,000

Additional information: Closing stock - Rs. 25, 000

10. From the following details, calculate:

- a) Current ratio and Quick ratio  
 b) Net Profit ratio [5+5]

<b>Liabilities:</b>	<b>Rs.</b>	<b>Assets:</b>	<b>Rs.</b>
Sundry Creditors	10,000	Stock	30,000
Bills Payable	7,500	Sundry Debtors	35,000
Tax Payable	9,000	Cash Balance	10,000
Outstanding Expenses	16,000	Bills Receivable	15,000
Debentures	75,000	Prepaid Expenses	5,000
Capital	3,00,000	Land and Building	1,00,000
Sales	1,00,000	Net Profit	50,000

**OR**

11. Describe the importance and types of ratio used for financial analysis and illustrate the leverage and solvency ratios with suitable examples. [10]