

**Code No: 153AE****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****B. Tech II Year I Semester Examinations, February -2024****BUSINESS ECONOMICS AND FINANCIAL ANALYSIS****(Common to PTM, CSE(AI&ML))****Time: 3 Hours****Max. Marks: 75****Note:** i) Question paper consists of Part A, Part B.

ii) Part A is compulsory, which carries 25 marks. In Part A, answer all questions.

iii) In Part B, Answer any one question from each unit. Each question carries 10 marks and may have a, b as sub questions.

**PART – A****(25 Marks)**

- 1.a) Draft out the Structure of Business Firm. [2]  
b) Write the major importance of National Income. [3]  
c) Define Elasticity of Demand. [2]  
d) Give the meaning for Law of supply with its suitability. [3]  
e) Identify different variables used in production function. [2]  
f) Define Markets and give different features of monopoly market. [3]  
g) Identify the meaning of conservatism with reference to accounting conventions. [2]  
h) List out different elements in Financial Statements. [3]  
i) What is the meaning of Ratio Analysis? [2]  
j) Give the importance of Cash Flows Analysis. [3]

**PART – B****(50 Marks)**

- 2.a) Discuss the Nature and Scope of Business Economics. [5+5]  
b) Elaborate the major types of Business Entities with its suitability. [5+5]

**OR**

- 3.a) Compare and contrast the advantages and disadvantages of Micro and Macro Economic?  
b) Design an imaginary financial model that incorporates both conventional and non-conventional sources of finance for a specific business venture. [5+5]

- 4.a) Draft out the significance of demand forecasting and narrate various techniques of demand forecasting.  
b) Explain different Determinants of Demand with suitable examples. [5+5]

**OR**

- 5.a) Consider a situation where multiple factors are influencing the supply of a product. How would you prioritize these factors in terms of their significance?  
b) Draft out different Measurement and Significance of Elasticity of Demand. [5+5]

- 6.a) Illustrate the concept of Returns to scale with reference to production function.  
b) Differentiate between Monopolistic and Perfect competition with its features. [5+5]

**OR**

- 7.a) Demonstrate price output determination in various types of competitions.  
b) Explain the diagrammatical explanation of Production functions with one/two variables. [5+5]

8. Record the following transactions in the Journal and post them into ledger and prepare a Trail Balance

- March 1<sup>st</sup> : Neeraj started business with a capital of 80,000
- March 5<sup>th</sup> : Bought goods from Kavita on credit 20,000
- March 7<sup>th</sup> : Sold goods to Trina 25,000
- March 9<sup>th</sup> : Cash purchases 25,000
- March 10<sup>th</sup> : Cash sales 15,000
- March 11<sup>th</sup> : Goods returned to Kavita 2,000
- March 12<sup>th</sup> : Bought furniture for 15,000
- March 13<sup>th</sup> : Cash paid to Kavita 12,000
- March 15<sup>th</sup> : Goods returned by Trina 3,000
- March 17<sup>th</sup> : Goods taken by Neeraj for personal use 3,000
- March 18<sup>th</sup> : Cash received from Trina 12,000
- March 19<sup>th</sup> : Took loan from Parag 30,000
- March 20<sup>th</sup> : Salary paid 5,000
- March 21<sup>st</sup> : Bought stationery for 1,000
- March 22<sup>nd</sup> : Amount paid to Parag on loan account 18,000
- March 25<sup>th</sup> : Interest received 4,000.

[10]

OR

- 9.a) Demonstrate the major benefits of using Profit and Loss Account with suitable examples.
- b) Illustrate different Accounting principles used in the preparation of accounts. [5+5]

10. Following is the Balance sheet of Suman Ltd. For the year ended 31<sup>st</sup> December 2022

<b>Balance Sheet</b>			
<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
10,000 Equity Shares@ Rs 10/- each	1,00,000	Fixed Assets	2,00,000
6% Debentures	80,000	Stock	30,000
Reserves	20,000	Debtors	30,000
Trade Creditors	50,000	Cash Balances	40,000
Profit & Loss A/c	30,000		
Bills Payable	20,000		
<b>Total</b>	<b>3,00,000</b>	<b>Total</b>	<b>3,00,000</b>

You are required to calculate

- a) Equity Ratio
- b) Debt-Equity Ratio
- c) Fixed Assets to Net Worth Ratio
- d) External Equities to Total Assets Ratio.

[10]

OR

- 11.a) From the following information, Current Ratio - 2.5, Acid- Test Ratio- 1.7 and Current Assets – 2,50,000/-, Calculate
  - i) Current Liabilities
  - ii) Inventory.
- b) Elucidate the Significance of Ratios Analysis with its classification in detail. [5+5]