

**Code No: 153AE****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****B. Tech II Year I Semester Examinations, February - 2024****BUSINESS ECONOMICS AND FINANCIAL ANALYSIS****(Common to ECM, CSBS, CSIT, CSE(DS), AI&DS, AI&ML, CSD)****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) | Define business.                      | [2] |
| b)   | Illustrate Macro Economics concepts.  | [3] |
| c)   | What is demand?                       | [2] |
| d)   | Explain determinants of supply.       | [3] |
| e)   | Illustrate Production function.       | [2] |
| f)   | Explain features of Monopoly.         | [3] |
| g)   | Outline the importance of accounting. | [2] |
| h)   | Summarize Journal entry procedure.    | [3] |
| i)   | Define ratio analysis.                | [2] |
| j)   | Explain Solvency ratios.              | [3] |

**PART – B****(50 Marks)**

- |           |   |       |
|-----------|---|-------|
| 2.a)      | Analyze the different types of business entities and limited liability companies. |       |
| b)        | Appraise the inflation and explain its salient features.                          | [5+5] |
| <b>OR</b> |   |       |
| 3.a)      | Examine the nature and scope of business economics.                               |       |
| b)        | Elaborate business cycles and their implications.                                 | [5+5] |
| <b>OR</b> |   |       |
| 4.a)      | Analyze elasticity of demand and its types.                                       |       |
| b)        | Justify elasticity of demand in decision making with examples.                    | [5+5] |
| <b>OR</b> |   |       |
| 5.a)      | Elaborate the characteristics of good demand forecasting.                         |       |
| b)        | Discuss a methods of demand forecasting with suitable example.                    | [5+5] |
| <b>OR</b> |   |       |
| 6.a)      | Elaborate production function with one variable.                                  |       |
| b)        | Discuss the returns to scale and their implications.                              | [5+5] |
| <b>OR</b> |   |       |
| 7.a)      | Explain short run and long run cost functions.                                    |       |
| b)        | Elaborate the pricing based on product life cycle.                                | [5+5] |

- 8.a) Elaborate the meaning and characteristics of double-entry system of book-keeping.  
 b) Build a Trial balance for the period ending 2013 from the following information. [4+6]

Particulars	Rupees
Sundry debtors	32,000
Stock (1.1.2010)	22,000
Cash in hand	35
Cash in Bank	1,545
Plant and Machinery	17,500
Sundry Creditors	10,650
Trade Expenses	1,075
Sales	2,34,500
Salaries	2,225
Carriage outwards	400
Rent	900
Bills payable	7,500
Purchases	2,18,870
Discounts (Dr.)	1,100
Capital	79,500
Business premises	34,500

OR

9. From the following Trial balance of Suresh as of December 31, 2013, prepare Trading, profit and Loss account for the year ended December 31, 2013 and a balance sheet as on that date. [10]

	Dr. (Rs.)	Cr.(Rs.)
Purchase of materials	32,000	
Productive wages	13,000	
Sales		60,000
Salaries	4,000	
Travelling expenses	1,000	
Carriage inwards	50	
Insurance	300	
Commission	650	
Rent and rates	1,000	
Cash in hand	350	
Cash in Bank	5,550	
Repairs	600	
Sundry expenses	110	
Mortgage		6,100
Buildings	8,000	
Machinery	3,000	
Furniture	1,000	
Stock on hand (1.1.2013)	11,500	
Capital		21,310
Sundry debtors	9,000	
Sundry creditors		4,200
	91,610	91,610

Adjust the following:

- (a) Prepaid rent Rs.100
- (b) Depreciate the following:
  - i) Buildings @ 10 percent per annum
  - ii) Machinery @ 20 percent per annum
  - iii) Furniture @ 15 percent per annum
- (c) Provide for bad debts Rs. 100
- (d) Outstanding insurance Rs. 50
- (e) Closing stock Rs. 12,000.

- 10.a) Explain the meaning and classification of liquidity ratio.
- b) From the following balance sheet of XYZ Co. Ltd., calculate liquidity ratios. [5+5]

<b>Balance sheet of XYZ Co. Ltd as on 31.12.20XX</b>			
(Rs. in thousands)			
Liabilities	Rs.	Assets	Rs.
Preference share capital	100	Land and Buildings	225
Equity share capital	150	Plant and Machinery	250
General reserve	250	Furniture and Fixtures	100
Debentures	400	Stock	250
Creditors	200	Debtors	125
Bills payable	50	Cash in bank	250
Outstanding expenses	50	Cash in hand	125
Profit and loss account	100	Prepaid expenses	50
Bank Loan (Long-term)	200	Marketable securities	125
	1500		1500

**OR**

- 11.a) Explain the meaning and importance of debtors' turnover ratio.
- b) Given the following data relating to firm X and firm Y in the hosiery business, calculate which firm is handling its debtors and creditors position efficiently? Substantiate your answer. [4+6]

	Firm X	Firm Y
Debtors (1.1.13)	8,000	12,000
Debtors (1.12.2013)	16,000	14,000
Creditors (1.1.13)	32,000	28,000
Sales (75% credit)	2,50,000	3,60,000
Purchases (60% credit)	1,50,000	2,25,000
Furniture and fixtures	25,000	35,000
Cash	5,000	8,000
Creditors (31.12.13)	26,000	42,000

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