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Code No: 154AH

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B. Tech II Year II Semester Examinations, February - 2024

BUSINESS ECONOMICS AND FINANCIAL ANALYSIS

(Common to CSE, IT, ITE, CE(SE), CSE(CS), CSE(IOT), CSE(N))

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) What do you mean by non-conventional sources of finance? Give two examples. [2]
b) Distinguish between Micro and Macro Economics. [3]
c) Explain the Law of Demand. [2]
d) Find the point and arc elasticities of demand at price Rs. 7 when price and quantity demanded behave in the manner depicted below: [3]

Price (P) (Rs.Per kg.)	9	8	7	6	5	4	3	2	1
Quantity demanded (Q)(kgs.)	5	15	20	30	36	45	55	70	90

- e) Are technological efficiency and economic efficiency the same? If not distinguish. [2]
f) What is Break-Even analysis (BEA) and what purpose does it serve? [3]
g) What do you mean by Accounting Concepts? [2]
h) Explain what is a trial balance and its purpose. [3]
i) What is a fund flow statement? [2]
j) What is Debt-equity ratio? [3]

PART – B

(50 Marks)

- 2.a) Explain briefly the theory of the firm.
b) List the major sources of capital for a company (at least four) and describe them in detail. [5+5]

OR

- 3.a) Explain the relationship between money supply and inflation.
b) Discuss the multidisciplinary nature of Business Economics. [5+5]
4.a) Discuss the factors affecting the elasticity of demand.
b) A consumer's demand function for food is $Q=50-5P$. Find the
i) Point elasticity at $P=Rs. 5$.
ii) Arc elasticity for prices between Rs.3 and Rs.4. [5+5]

OR

- 5.a) What is demand forecasting? Why is it of critical importance for business?
b) Discuss the characteristics of good demand forecasting. [5+5]

- 6.a) Explain and illustrate graphically the relationship between average, total and marginal costs. Derive the long-run average cost of a firm.
- b) Flexible systems manufactures adjustable cupboards. Its fixed costs per production period are Rs.1,00,000. The Total Variable Cost (TVC) for output Q is represented as:
 $TVC=5Q+0.5Q^2$
 Find the output level; that minimizes average total cost. [5+5]

OR

- 7.a) What is meant by monopolistic competition? Discuss the behavior of the firm under monopolistic competition.
- b) Break-even production of a firm is 5,000 units. Its fixed cost is Rs.50, 000 and the variable cost per unit is Rs. 25.
 i) Find out the price of the product.
 ii) How much should the firm produce to earn profit of Rs.25, 000? [5+5]

8. Explain any four accounting concepts/conventions in detail citing suitable examples.[10]

OR

9. Journalize the following transactions in the books of Prakash. [10]

2023-24

		Rs.
Jan-01	Prakash started business with Rs. 40,000	
	Cash and goods worth Rs.15,000	
5	Goods purchased from Kumar	1,000
	Goods purchased from Dinesh	2,000
	Goods purchased for cash	2,000
10	Drawings:	
	Cash	600
	Goods	400
18	Payments made to:	
	Kumar	1,000
	Dinesh	2,000
20	Loan given to Suresh	1,500
31	Salaries paid	1,800
	Rent paid	900
	Interest paid	450
	Wages paid	200
	Cash deposited with bank	2,000

- 10.a) Explain briefly the procedure to be followed for preparing a *statement of changes in working capital* assuming the relevant figures/information.
- b) From the following information, calculate i) Earnings per share (EPS) ii) Book value per share iii) Dividend payout ratio and iv. P/E ratio. [5+5]

Particulars	Amount in Rs.
3,50,000 equity shares of Rs. 10 each	35,00,000
Profit after tax(PAT)	10,80,000
Market price per share	24
Dividend declared at 25%	

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OR

QA 11.a) Calculate the current assets of a company from the following information: QA QA QA QA QA QA QA G

Inventory turnover ratio = 8 times.

Inventory at the end is Rs. 80,000 more than the inventory at the beginning. Revenue from operations is Rs. 3, 00,000 and gross profit ratio is 20% of revenue from operations.

Current Liabilities = Rs. 2, 40,000

Liquid ratio = 0.75:1.

b) What are the three main types of adjustments used when computing operating cash flows under the indirect method? [5+5]

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