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Code No: 155AJ

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B. Tech III Year I Semester Examinations, March - 2024

BUSINESS ECONOMICS AND FINANCIAL ANALYSIS

(Mechanical Engineering)

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 the of sole proprietorship. [2]
- b) Explain the role of nosiness economist. [3]
- c) What is the law of demand? [2]
- d) What are the factors that affect elasticity of demand? [3]
- e) What is the short run cost curve? [2]
- f) What are the features of perfect competition? [3]
- g) Define accounting concept. [2]
- h) Explain debit and credit principles. [3]
- i) Discuss the concept of ratio analysis. [2]
- j) Formula of solvency and leverage ratios. [3]

PART - B

(50 Marks)

- 2.a) Define business economics and brief on theory of firm.
 - b) Explain business cycle, its characteristics and phases. [5+5]
- OR**
- 3.a) Explain different sources of raising capital for a company.
 - b) Describe the types of business entities. [5+5]
- 4.a) Explain demand forecasting methods.
 - b) Brief on significance of demand forecasting in business decision making. [5+5]
- OR**
- 5.a) Explain different types of elasticity of demand.
 - b) Explain the supply function with an example and brief on law of supply. [5+5]
- 6.a) Explain price-output determination in perfect competition.
 - b) Explain different types of production functions. [5+5]
- OR**
- 7.a) Explain the product lifecycle based pricing.
 - b) Describe the feature of perfect competition. [5+5]

- 8.a) How would you rectify the errors after closing the accounts? Explain.
 b) Brief on accounting conventions. [5+5]

OR

9. Shah Garden Center is retail garden supplier. Record the transactions needed to journalize, post to respective ledger account and prepare Trial Balance of the following for October, 2011 of the current year:

Oct. 2 Purchased inventory on credit terms of 1/10 net 30. FOB shipping point, for Rs. 3,000. Freight charges on the purchase were Rs. 150.

Oct. 9 Sold garden supplies on credit terms 3/20 net 30, FOB shipping point, for Rs. 4,000. The cost of the supplies sold was Rs. 2,500.

Oct. 10 Paid the amount owed on account for the Oct. 2 inventory purchase.

Oct. 15 Received merchandise that was returned as defective, originally sold for Rs. 500 on Oct. 9. The original cost of the supplies returned was Rs. 275.

Oct. 25 Received payment on account for the Oct. 9 sale less the appropriate sales discount.

Oct. 28 Inventory lost by fire of cost Rs. 350. [10]

10. The following trading and profit and loss account of fantasy Ltd. For the year 31-3-2000 is given below:

Particular	Rs.	Particular	Rs.
To Opening Stock	76,250	By Sales	5,00,000
Purchases	3,15,250	Closing Stock	98,500
Carriage and Freight	2,000		
Wages	5,000		
Gross Profit b/d	2,00,000		
	5,98,500		5,98,500
To Administration expenses	1,01,000	By Gross Profit b/d	2,00,000
Selling and Dist. expenses	12,000	Non-operating incomes:	
Non-operating expenses	2,000	Interest on securities	1,500
Financial expenses	7,000	Dividend on shares	3,750
Net Profit c/d	84,000	Profit on sale of shares	750
	2,06,000		2,06,000

Calculate:

- a) Gross Profit Ratio b) Expenses Ratio
 c) Operating Ratio d) Net Profit Ratio. [2+3+2+3]

OR

11. Explain the differences between funds flow statement and cash flow statement. [10]

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