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Code No: 154AH

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B. Tech II Year II Semester Examinations, September/October - 2023

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) Why is money supply restricted through external means during inflationary period?

[2]

b) What is preference share? What is the nature of this long term capital source?

[3]

c) Briefly mention types of elasticity.

[2]

d) State the law of supply with its underlying assumptions.

[3]

e) What is price skimming technique?

[2]

f) What is oligopoly? What are the conditions favouring it?

[3]

g) What is the meaning of error or principle as applied to Trial Balance?

[2]

h) What are fixed assets? Where do they appear in Balance Sheet?

[3]

i) Define quick ratio.

[2]

j) What is the purpose of preparing cash flow statement?

[3]

PART – B

(50 Marks)

2.a) Why do you consider the study of business economics essential?

b) How do limited companies contribute sizably to the economy?

[5+5]

OR

3.a) Discuss in brief, the scope of economics.

b) What are the phases of business cycle?

[6+4]

4.a) Discuss the advantages and limitations of moving average method of forecasting.

b) Briefly explain how the knowledge of elasticity of demand may be of use in taking business decisions.

[5+5]

OR

5.a) Determine the advertising elasticity of demand for a product given that the sale of the product is 85000 per month with an advertisement spending of Rs. 15,000 per month and the sales shoots up to 1,25,000 units per month when the ad spend goes up to Rs. 22,000 per month.

b) Describe the demand forecasting methods.

[6+4]

- 6.a) What are isoquants? What is their nature?
 b) Distinguish between total variable cost and marginal variable cost. [5+5]

OR

- 7.a) What are the features of perfect market? Explain.
 b) What is mark-up pricing? What are its limitations? [5+5]

8. What are final accounts? Briefly explain the steps in preparing them. What is the purpose served by preparation of final accounts? [10]

OR

9. Correct the following Trial Balance: [10]

	Debit-- Rs.	Credit-- Rs.
opening stock	10,000	
purchases	50,000	
reserve fund	5,000	
carriage on goods purchased	1,000	
bank deposit		50,000
cash in hand	2,000	
purchase returns	1,500	
sales		92,600
sales returns	2,400	
capital		1,50,000
import duty	1,200	
export duty	1,050	
debtors	50,000	
creditors	22,500	62,500
plant & machinery		
salary	20,000	
wages	10,000	
bills receivables	15,000	
bills payable		10,000
interest received		3,000
commission on sales	1,000	
miscellaneous expenses	6,600	
carriage on goods sold		1,850
total	1,99,250	3,69,950

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10.a) From the extract of a balance sheet of a company, calculate the debt equity ratio, and interest coverage ratio.

60,000 12% preference shares of Rs.100 each

2,50,000 equity shares of Rs.10 each

10% , 40000 debentures of Rs.10,00,000

Net profit during the year Rs.15,00,000.

b) What are the items known as current assets and current liabilities?

[7+3]

OR

11.a) A company has a sales of Rs. 80,00,000 for the financial year. 50% of the sales is on the basis of credit. If the opening and closing sundry debtor for the year are Rs.5,00,000 and Rs.3,00,000 respectively, calculate the debt collection period.

b) Bring out the importance of ratio analysis.

[5+5]

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