

Code No: 154AH

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
B. Tech II Year II Semester (Special) Examinations, January/February - 2021
BUSINESS ECONOMICS AND FINANCIAL ANALYSIS
(Common to CSE, IT)

Time: 2 Hours

Max. Marks: 75

Answer any FIVE questions.
All questions carry equal marks.

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1. How can business economist enable company management to take better business decisions? [15]
2. Explain briefly the following two methods of demand forecasting.
a) Exponential smoothing
b) Sales force opinion. [7+8]
3. Define income elasticity. A consumer's income is Rs.20,000 and he purchases 4kgs of meat per month. If his income goes up to Rs.30,000 he is prepared to purchase 5kgs of meat per month. What is the income elasticity? [15]
4. Bring out the essential differences between monopoly and monopolist market. [15]
- 5.a) Distinguish between marginal cost and average cost.
b) A manufacturer sells his product at Rs.5 each. Variable costs are Rs.2 per unit and the fixed costs amount to Rs.60,000.
i) Calculate the break even point.
ii) What would be the profit if he sells 30,000 units? [7+8]
- 6.a) What are the advantages of double entry book-keeping?
b) State under which heading (Personal, Real, or Nominal) would you classify each of the following accounts.
i) salary prepaid account
ii) salary outstanding account
iii) rent account
iv) bank account
v) insurance unexpired
vi) proprietor's account
vii) bad debts account
viii) furniture account
ix) goodwill account
x) patents account. [5+10]

7. Comment whether the following Trial Balance is correct, if not draw a correct Trial Balance. [15]

| Particulars | Debit Rs. | Credit Rs. |
|---------------------|-----------|------------|
| Commission Received | | 2,500 |
| Capital | 40,000 | |
| Drawings | | 20,000 |
| Stock | 4,000 | |
| Purchases | | 35,000 |
| Sales | 60,000 | |
| S.Creditors | 17,500 | |
| Bank O.D. | 20,000 | |
| Carriage inwards | | 5,000 |
| Discounts Received | | 2,500 |
| Other income | 2,500 | |
| S.Debtors | | 80,000 |
| Rent & Rates | 1,000 | |
| | 1,45,000 | 1,45,000 |

- 8.a) Given the values of Rs.3,00,000 for sales, Rs. 1,60,000 for cost of goods sold and Rs.60,000 for inventory in a company, what is its inventory turnover?
- b) A firm makes sales of Rs. 50,00,000 for the year of which 60% is on credit basis. The balance of debtors at the beginning and the end of the year were Rs. 4,00,000 and Rs. 3,00,000 respectively. Calculate debtor's turnover ratio and debt collection period. [5+10]

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