

Code No: 155AJ

**R18**

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**

**B. Tech III Year I Semester Examinations, August - 2022**  
**BUSINESS ECONOMICS AND FINANCIAL ANALYSIS**  
**(Mechanical Engineering)**

**Time: 3 Hours**

**Max. Marks: 75**

**Answer any five questions**  
**All questions carry equal marks**

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- 1.a) What are the sources of capital for a company? Outline the non-conventional sources of finance.  
b) What is National Income? Outline importance of national income. [8+7]
- 2.a) What is Inflation? Explain the reasons for Inflation.  
b) Bring out the role of Business Economist with suitable examples. [8+7]
- 3.a) Elucidate the measurement and significance of Elasticity of Demand.  
b) Discuss the methods of Demand Forecasting. [8+7]
- 4.a) What is the role of Elasticity of Demand in decision making?  
b) Write a note on supply function and law of supply. [8+7]
- 5.a) Discuss different types of production functions.  
b) What are the features of monopoly and oligopoly? [8+7]
- 6.a) What are the different stages of returns to scale? Explain with example.  
b) What is break-even analysis? What are the managerial uses of break-even analysis? [8+7]
- 7.a) What are the advantages of double-entry system of accounting?  
b) From the following Trial Balance, prepare a Trading Manufacturing and Profit and Loss Account and Balance Sheet as on 31<sup>st</sup> December, 2021. [5+10]

**TRIAL BALANCE**  
(as on 31<sup>st</sup> December, 2021)

<i>Particulars</i>	<i>Dr (Rs.)</i>	<i>Cr (Rs.)</i>
Stock on 1.1.2021:		
Raw Materials	2,000	
Work-in-process	5,000	
Finished Goods	10,000	
Manufacturing Wages	10,000	
Purchases of Raw Materials	30,000	
Factory Rent	5,000	
Carriage of Raw Materials	3,000	
Salary of the Works Manager	2,000	
Office Rent	2,000	
Printing and Stationery	1,000	
Bad Debts	1,000	
Sales		60,000
Land and Buildings	30,000	
Plant and Machinery	20,000	
Depreciation on Plant	2,000	
Sundry Debtors	5,000	
Sundry Creditors		30,000
Cash in hand	5,000	
Capital		43,000
	1,33,000	1,33,000

Closing Stock on 31<sup>st</sup> December, 2021 were as follows:

	<i>Rs.</i>
Raw Materials	5,000
Work-in-process	4,000
Finished Goods	10,000

- 8.a) How does Cash Flow statement differ from Fund Flow Statement?  
b) The following is the Balance Sheet of Chitti Ltd. as on 31<sup>st</sup> March 2021:

<i>Liabilities</i>	<i>Amount Rs.</i>	<i>Assets</i>	<i>Amount Rs.</i>
Share Capital	2,00,000	Land and Buildings	1,40,000
Profit & Loss Account	30,000	Plant and Machinery	3,50,000
General Reserve	40,000	Stock	2,00,000
12% Debentures	4,20,000	Sundry Debtors	1,00,000
Sundry Creditors	1,00,000	Bills Receivable	10,000
Bills Payable	50,000	Cash at Bank	40,000
	8,40,000		8,40,000

Calculate:

- i) Current Ratio
- ii) Quick Ratio
- iii) Debt to Equity Ratio
- iv) Proprietary Ratio

[5+10]

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