

Code No: 155AJ

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JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B. Tech III Year I Semester Examinations, January/February - 2023

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) What is mixed economy? [2]
- b) List the factors of micro economics. [3]
- c) What is demand forecasting? [2]
- d) What are the determinants of supply? [3]
- e) Define oligopoly. [2]
- f) What are the factors of production? [3]
- g) What is profit and loss account? [2]
- h) What are the five accounting concepts? [3]
- i) Write the formula of Liquidity ratio [2]
- j) Define solvency. [3]

PART – B

(50 Marks)

- 2.a) What is theory of firm? What are its objectives? [5+5]
- b) Explain the different types of entities of business. [5+5]

OR

- 3.a) Discuss the phases of business cycle. [5+5]
- b) What are the causes of inflation and how to overcome them? [5+5]

- 4.a) Explain different types of measurement of elasticity of demand. [5+5]
- b) How does law of supply affect the stakeholders? [5+5]

OR

- 5.a) Examine the methods of demand forecasting with illustration. [5+5]
- b) Describe the role of elasticity of demand in decision making. [5+5]

- 6.a) What are the features of perfect competition? [5+5]
- b) What is cost-volume profit analysis? How do you calculate CVP analysis? [5+5]

OR

- 7.a) What is returns to scale? What are the factors responsible for return to scale? [5+5]
- b) Discuss the types of pricing and suggest which pricing method is most advantageous and why? [5+5]

- 8.a) Define accounting and brief on the concepts of accounting.
 b) Write a note on the following:
 i) Accounting Equation
 ii) Accounting Cycle.

[5+5]

OR

- 9.a) From the following trial balance extracted from the books of Thiru. Venkatachalam as on 31.03.2013 prepare (i) Trading and Profit & Loss A/C and (ii) Balance Sheet.
 Trial Balance as on 31-03-2013.

Particulars	Debit Balances	Credit Balances
Cash in hand	2, 000	-
Capital	-	2, 00, 000
Machinery	60, 000	-
Sales	-	2, 54, 800
Stock	50, 000	-
Sundry Creditors	-	40, 000
Bills receivable	1, 600	-
Basic overdraft	-	22, 000
Sundry debtors	50, 000	-
Return outwards	-	3, 000
Wages	70, 000	-
Discount received	-	1, 800
Land	40, 000	-
Bills Payable	-	1, 800
Carriage inwards	2, 400	-
Purchases	1, 80, 000	-
Salaries	24, 000	-
Rent	4, 000	-
Postage	1, 000	-
Return inwards	3, 200	-
Drawings	10, 000	-
Furniture	18, 000	-
Interest	600	-
Cash at Bank	6, 600	-
	5, 23, 400	5, 23, 400

- b) Explain the types of errors which an accountant may make while writing the books of accounts.

[7+3]

- 10.a) Describe the five types of ratio analysis.
 b) Following is the Income statement of Durv Pvt. Ltd. For the year ended 31 March 2017.

Particulars	Rs.
Net Sales	12, 00, 000
Less: Cost of goods Sold	7, 00, 000
Gross Profit	5, 00, 000
Less: Operating Expenses	2, 00, 000
Operating Profit	3, 00, 000
Ass: Non-operating income	45, 000
	3, 45, 000
Less: Non-operating Expenses	25, 000
Profit before Tax	3, 20, 000
Tax Rate is 40%	

Calculate: i) Gross Profit Ratio ii) Operating Ratio iii) Net operating Profit Ratio and iv) Net Profit Ratio. [3+7]

OR

- 11.a) What are the merits and demerits of ratio analysis.
 b) Calculate following Ratios from the below balance sheet:
 i) Current Ratio
 ii) Liquid Ratio
 iii) Proprietary Ratio.

[4+6]

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	1, 00, 000	Furniture	2, 96, 000
10% Preference share capital	1, 80, 000	Trademarks	1, 12, 000
General Reserve	70, 000	Stock	1, 01, 000
15% debentures	1, 20, 000	Bills Receivable	20, 000
Trade payable	1, 22, 000	Trade Receivables	49, 000
Bank overdraft	20, 000	Cash and Bank	38, 000
Provision for Tax	18, 000	Profit & Loss A/C	14, 000

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