Code No: 134AG

R16

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
B.Tech II Year II Semester Examinations, December - 2019
BUSINESS ECONOMICS AND FINANCIAL ANALYSIS
(Common to CE, EEE, ME, ECE, CSE, EIE, IT, MCT, MMT, AE, MIE, PTM, CEE, MSNT)
Time: 3 Hours   **Max. Marks: 75**

Note: This question paper contains two parts A and B.
Part A is compulsory which carries 25 marks. Answer all questions in Part A.
Part B consists of 5 Units. Answer any one full question from each unit.
Each question carries 10 marks and may have a, b as sub questions.

PART – A

(25 Marks)

1.a)   Identify the major advantage of sole proprietorship?   [2]
 b)   What are the different phases in Business cycle?   [3]
 c)   Define cross elasticity of demand.   [2]
 d)   Which is the most expensive method of demand forecasting among the various methods?
      Why?   [3]
 e)   What are the two inputs you would consider for production function with two variable
      inputs?   [2]
 f)   What are the stages of product life cycle?   [3]
 g)   What is the meaning of 'carriage inwards'?   [2]
 h)   What constitutes 'net worth' of a company?   [3]
 i)   What is the difference between 'current ratio' and 'quick ratio'?   [2]
 j)   For the best use of ratio analysis, what should be the reference for comparison for a
      company and why?   [3]

PART – B

(50 Marks)

2.a)   Distinguish between positive and normative approach of study.
 b)   What is the implication of the word 'limited' after the company's name?   [5+5]
                                        OR
3.a)   What is the meaning of 'recession'? What is its relevance for the economy?
 b)   What is the major difference between macroeconomics and microeconomics?   [5+5]

4.a)   What is the need for demand forecasting?
 b)   With suitable examples distinguish between complementary goods and substitutes. [5+5]
                                        OR
5.   State the law of supply. What are the determinants of supply? Explain briefly.   [10]

6.a) If the marginal cost of a firm is rising, does this mean that its average cost is also rising? Explain briefly.

b) Given the following demand curve of a consumer for a monopolist's product Q = 14-2P, find the total revenue of the monopolist when it sells six units of the commodity without practicing any form of price discrimination. What is the value of consumers' surplus?

[5+5]

OR

7.a) Define breakeven point. What are the assumptions in breakeven analysis?

b) Suppose that the production function for a commodity is given by 10 multiplied by square root of (LK), where Q is the quantity of output, L is the quantity of Labour and K is the quantity of capital, indicate whether this production function exhibits constant increasing or decreasing returns to scale.

[5+5]

8.a) What are the types of accounts and what are the rules governing them? Give two examples for each of them.

b) What is capital expenditure? Give three examples.

[6+4]

OR

9. Following are the extracts from the Trial Balance of a firm as at 1st March 2017.

Name of the account	Dr.	Balance
Particulars	Rs.	Rs.
Sundry debtors	2,05,000	
Provision for doubtful debts		10,000
Bad debts	3,000	

Additional information:
Additional bad debts Rs.50,00,000, Maintain the provision for doubtful debts @ 10% on debtors.
Pass the necessary journal entries and show the relevant accounts.

[10]

10.a) How accounting ratios are useful in the inter-firm comparison?

b) What are turnover ratios? What purpose is served by debtor's turnover ratio and creditor's turnover ratio?

[4+6]

OR

11.a) Determine which company is more profitable given the following:

Particulars	A Ltd	B Ltd
Net profit ratio	6%	8%
Turnover ratio	5 times	3 times

b) A business has current assets of Rs. 30,00,000 including stock of goods of 5,00,000. Its current liabilities are Rs.15,00,000. What is the current ratio? If rest of the current assets consists of sundry debtors and cash, what is the quick ratio? However, if the business should have maintained stock of 15,00,000, what would be its current ratio? What would be the quick ratio?

[4+6]

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