



**II B.Tech II Sem Regular End Examination, July 2021**  
**BUSINESS ECONOMICS AND FINANCIAL ANALYSIS**  
**(CSE & INF)**

**Time: 3 Hours.****Max. Marks: 70**

Note: 1. Answer any FIVE questions.

2. Each question carries 14 marks and may have a, b as sub questions.

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|------|--|----|------|------|
| 1 a) | Business Economics is the discipline which deals with the application of economic theory to Business managements. Discuss in detail.   | 7M | CO-1 | BL-3 |
| b)   | What are the different forms of organizations? Critically evaluate each of them  | 7M | CO-1 | BL-5 |
| 2 a) | Explain main sources for mobilizing the capital needed by a business unit.   | 7M | CO-1 | BL-2 |
| b)   | Explain in detail about the roles and responsibilities of business economists.   | 7M | CO-1 | BL-2 |
| 3 a) | Detail and differentiate diagrammatically the movement along demand curve and shift in demand curve.   | 7M | CO-2 | BL-4 |
| b)   | Explain in detail about law of supply and determinants of supply.  | 7M | CO-2 | BL-2 |
| 4 a) | Explain the significance and various methods of demand forecasting.  | 7M | CO-2 | BL-2 |
| b)   | Define production function. Discuss in detail about different types of production function.  | 7M | CO-3 | BL-2 |
| 5 a) | A company prepares a budget to produce 3Lakh units with fixed costs as Rs.15Lakh on average and variable cost of Rs.10.lakh each. The selling price is to yield 20% profit on cost calculate (a) P/V ratio (b) Break Even Point. | 7M | CO-3 | BL-3 |
| b)   | Define markets? Elaborate how markets are classified.  | 7M | CO-3 | BL-1 |

- 6 a) Describe the accounting concept that governs the accounting process. Explain in brief. 4M CO-4 BL-2
- b) From the following trial balance and additional information, you are required to prepare a trading and profit and loss account and balance sheet. 10M CO-4 BL-L5

The balance as on 31<sup>st</sup> December-2005

Particulars	Dr. Amount(Rs.)	Cr. Amount(Rs.)
Capital		20,000
Sunday Debtors	5,400	
Drawings	1,800	
Machinery	7,000	
Sundry creditors		2,800
Wages	10,000	
Purchases	19,000	
Opening stock	4,000	
Bank balance	3,000	
Carriage charges	300	
Salaries	400	
Rent and Taxes	900	
Sales		29,000
Total	51,800	51,800

Additional Information:

Closing Stock Rs.1,200/-

Outstanding rent and taxes Rs100

Charge depreciation on machinery at 10%

Wages prepaid Rs.400.

- 7 a) What is cash flow statement in accounting system? What are its components and significance? 7M CO-4 BL-2
- b) Define accounting and explain various steps involved in accounting process. 7M CO-4 BL-2
- 8 a) Explain the significance of ratio analysis. Give classification of ratio analysis in detail. 7M CO-5 BL-2
- b) What are profitability ratios? 7M CO-5 BL-4  
Explain  
(1)Gross profit ratio  
(2)Net profit ratio  
(3)P/E ratio  
(4)EPS