COURSE FILE

B.Tech II YEAR - I SEMESTER

SUBJECT CODE: 9ZC01

BUSINESS ECONOMICS AND FINANCIAL ANALYSIS

(AIML & ECE)

SMS, SNIST

ACADEMIC YEAR 2025-26

COURSE OBJECTIVES:

CO 1: To understand the basics of Business Economics at Micro level and Demand analysis in particular.

CO 2: To understand the concept of production analysis, costs and Break Even Analysis.

CO 3: To develop an understanding of Market structures.

CO 4: To understand the basic concepts of Accounting, Double entry system of Book keeping.

CO 5: To understand the concepts of Capital expenditure, Revenue expenditure and Final accounts.

CO 6: To enlighten students about the concept of Ratio Analysis.

COURSE OUTCOMES:

Co 1: Explain the Basics of Economics and its relation to Business Economics (L1) -U1

Co 2: Analyze the production function in terms of cost and revenue (L4)-U2

Co 3: Examine the basic market structures and their relevance to business (L1)-U3

Co 4: Outline the fundamentals of financial accounting and prepare financial statements (L5)-U4&U5

Co 5: Apply financial ratios to analyze the financial performance of the company (L3)-U6

PROGRAM OUT COMES:

a. Graduate will demonstrate knowledge in fundamentals of mathematics, science and engineering.

b. Graduate will demonstrate an ability to identify, formulate and solve problems in key areas of Engineering

c. Graduate will demonstrate an ability to design and conduct experiment, analyze and interpret data Engineering.

d. Graduate will demonstrate ability in conducting investigations to solve problems using research based knowledge and methods to provide logical conclusions.

e. Graduate will demonstrate skills to use modern engineering and IT tools, softwares and equipment to analyze the problems in the society.

f. Graduate will show the understanding of impact of engineering solutions on the society to assess health, safety, legal, and social issues.

g. Graduate will demonstrate the impact of professional engineering solutions in environmental context and to be able to respond effectively to the needs of sustainable development.

h. Graduate will demonstrate the knowledge of Professional and ethical responsibilities.

i. Graduate will demonstrate an ability to work effectively as an individual and as a team member/leader in multidisciplinary areas.

j. Graduate will be able to critique, writing samples (abstract, executive summary, project report), and oral presentations.

k. Graduate will demonstrate knowledge of management principles and apply these to financial and project management in multidisciplinary environments.

l. Graduate will recognize the need of self education and ability to engage in life - long learning.

Program outcome / **Course Objectives**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**	**K**	**L**
CO 1									L			
CO 2											M	
CO 3											M	
CO 4											M	
CO 5									H			

CO 6									H			

a	b	c	d	e	f	g	h	i	j	k	l
								x		x	

L	T	P/D	C
3	0	0	3

UNIT I

INTRODUCTION TO BUSINESS ECONOMICS:

Definition, Nature and Scope of Business Economics–Demand Analysis: Demand Determinants, Law of Demand and its exceptions, Elasticity of Demand, Types of Elasticity of Demand and Demand Forecasting – Statistical and Non-Statistical techniques.

UNIT II

THEORY OF PRODUCTION AND COST ANALYSIS:

Production Function – Isoquants and Isocosts, Internal and External Economies of Scale, Law of Returns Cost Analysis: Cost concepts, different types of costs, Break-even Analysis (BEA)-Determination of Break-Even Point (simple problems).

UNIT III

INTRODUCTION TO MARKETS

Market structures: Types of competition, Features of Perfect competition, Monopoly and Monopolistic Competition, Pricing Methods and strategies.

UNIT IV

FINANCIAL ACCOUNTING - I:

Accounting concepts and Conventions, Double-Entry system of Accounting, Accounting Cycle, Rules for maintaining Books of Accounts, Journal, Posting to Ledger, Preparation of Trial Balance.

UNIT V

FINANCIAL ACCOUNTING – II:

Introduction to Final accounts, Revenue and Capital Expenditure, elements of Financial Statements, Preparation of Final Accounts with simple adjustments (simple problems).

UNIT-VI

FINANCIAL ANALYSIS THROUGH RATIOS:

Concept of Ratio Analysis, Various Types of Ratios: Liquidity Ratios (short term solvency ratios), Leverage Ratios (long term solvency ratios), Turnover Ratios and Profitability Ratios (simple problems).

Essential Readings:

1. A R Aryasri: Managerial Economics & Financial Accounting, Tata Mc Graw Hill
2. A R Aryasri: Management Science, Tata Mc Graw Hill

Suggested Readings:

1. S A Siddiqui & A S Siddiqui, Managerial Economics & Financial Analysis, New Age
2. Accountancy – I Tulasian Tata Mcgraw Hill Co
3. Koontz &Weihrich: Essentials of Management, 6/e, TMH, 2005

LECTURE SCHEDULE

S. No	UNIT	NO. OF PERIODS	TOPIC TO BE COVERED
1	I	8	Introduction to Business Economics
2			Definition, Nature and Scope of Business Economics
3			Demand Analysis: Demand Determinants,
4			Law of Demand and its exceptions.
5			Elasticity of Demand
6			Types Price Elasticity of Demand
7			Demand Forecasting
8			Significance of demand forecasting
9	II	7	Production Function, Isoquants and Isocosts
10			Internal and External Economies of Scale.
11			Laws of Returns
12			Cost Analysis: Cost concepts, Different types of costs
13			Cost control and Cost efficiency
14			Break-even Analysis (BEA)
15			Determination of Break-Even Point (simple problems)
16	III	7	Market structures: Types of competition
17			Features of Perfect competition
18			Monopoly Competition
19			Monopolistic Competition
20			Objectives of Pricing
21			Methods of Pricing
22			Methods of Pricing continued
23	IV	9	Introduction to Financial accounting
24			Concepts of accounting
25			Conventions of accounting
26			Double-Entry Book Keeping
27			Golden rules of accounting
28			Journal entries
29			Ledger posting
			Ledger balancing
30			Trial Balance
31			Problems on preparation of Trial Balance
32			Classification of revenue and capital expenditure
33	V	7	Final Accounts - proforma
34			Trading Account
35			Profit and Loss Account

36	VI	8	Balance Sheet
37			Problems on Final Accounts
38			Problems with adjustments
39			Introduction to Ratio Analysis
40			Advantages and Limitations of Ratios
41			Significance of Ratios
42			Liquidity Ratios
43			Leverage Ratios
44			Turnover Ratios
45			Profitability Ratios
46			Problems on Ratio Analysis

QUESTION BANK

UNIT – 1: INTRODUCTION TO BUSINESS ECONOMICS

Short Answer Questions:

1. Define Economics?
2. What is Managerial Economics?
3. Define law of Demand
4. Define Law of supply
5. What is Elasticity of Demand?

Essay Type Questions:

1. What is Business economics? Explain its focus areas.
2. Point out the importance of business economics in decision making.
3. Explain various factors that influence the demand for a computer.
4. What are the contributions and limitations of economic analysis to business decision making?
5. State and Explain the Law of Demand. What are its exceptions?
6. What is the significance of demand analysis to the manager of a business firm? Explain.
7. Discuss the nature and scope of Business economics.
8. Show the significance of economic analysis in business decisions.

UNIT – 2: THEORY OF PRODUCTION AND COST ANALYSIS

Short Answer Questions:

1. Define Cost
2. What is BEP Analysis?
3. Define Equilibrium concept
4. What do you mean by Price Discrimination?
5. Define Opportunity Cost.
6. What are Fixed Costs and Variable costs?
7. Why is cost analysis important?
8. What is Production function?
9. What are Iso quants?
10. What are Iso costs?

Essay Type Questions:

1. Explain the following with reference to production function,

(a) Marginal rate of Technical substation

(b) Variable proportions of factors

2. Explain the following concepts

(a) Explain the utility of Break-Even Analysis in managerial decision-making.

(b) How do you explain breakeven chart? Explain.

3. Why does the Law of Diminishing Returns operate? Explain with the help of assumed data and also represent in a diagram.

4. A company reported the following results for two periods.

Period	Sales in Rs.	Profit in Rs.
I	20,00,000	2,00,000
II	25,00,000	3,00,000

Ascertain the BEP, P V Ratio, Fixed Cost and margin of safety.

5. What cost concepts are mainly used for managerial decisions? Illustrate.
6. Explain the utility of Break-Even Analysis in managerial decision-making.
7. Explain the following

(a) Internal Economies (b) External Economies.

UNIT – 3: INTRODUCTION TO MARKETS

Short Answer Questions:

1. Define Perfect market.
2. What are Imperfect markets?
3. Define Monopoly.
4. What do you understand by Market structure?
5. What is price discrimination?
6. Write a brief note on Tender pricing.

Essay Type Questions:

1. Explain the role of time factor in the determinations of price. Also explain price output determination in case of perfect competition.
2. How an individual firm behaves under perfect competition. Also explain the firm and industry equilibrium under perfect competition.
3. Discuss the main features of monopolistic competition.

UNIT – 4: FINANCIAL ACCOUNTING - I

Short Answer Questions:

1. Define Accounting
2. what is Book-keeping?
3. Define Business Entity concept.
4. What is Going concern concept?
5. List out the Golden rules of Accounting.
6. Define Trial Balance.

Essay Type Questions:

1. Define Accounting ? Explain the advantages and Limitations of Accounting.
2.Explain the Principles of Accounting (Accounting concepts & Conventions)
3.Explain the Advantages and limitations of Double entry system?
4Explain various types of accounts with golden rules.
5.Explain Accounting process in detail.

6.Journalize the following transactions and post them into ledger.

Date		Rs.
1	Commenced business with cash	40000
2	Purchased goods on credit from Shyam	30000
3	Received cash from Murthy as advance for Goods ordered by him	3,000
4	Paid wages	500
5	Goods returned to Shyam	200
6	Goods sold to Kamal	10000
7	Goods returned by Kamal	500
8	paid into bank	500
9	Goods sold for cash	750
10	Bought goods for cash	1000
11	Paid salaries	700
12	Withdrew cash for personal use	1000

7.Prepare the Trial Balance from the Ledger account balances

Capital 65,500	Bills payable 4,500
Creditors 18,200	Reserve for bad debts 3,250
Debtors 21,350	Tax outstanding 1,110
Cash 6,750	Interest on investment 2,150
Sales 1,20,000	Drawings 1510
Purchases 69,100	Deposits 45,000
Cash at bank 7,800	Rent 950
Machinery 35,000	Insurance prepaid 4,200
Discount allowed 5,000	Wages 3,150
Discount received 3,200	Salaries outstanding 7,200
Furniture 4,000	Bills receivables 21,300.

8. (a) What is Trial Balance? Why it is prepared?

(b) From the following list of balances prepare a Trial Balance as on 30-6-2022

		Rs.			Rs.
i.	Opening stock	1,800	xiii.	Plant	750
ii.	Wages	1,000	xiv.	Machinery tools	180
iii.	Sales	12,000	xv.	Lighting	230
iv.	Bank loan	440	xvi.	Creditors	800
v.	Coal and coke	300	xvii	Capital	4,000
vi.	Purchases	7,500	xviii.	Misc. receipts	60
vii.	Repairs	200	xix.	Office salaries	250
viii.	Carriage	150	xx	Office furniture	60
ix.	Income tax	150	xxi.	Patents	100
x.	Debtors	2,000	xxii.	Good will	1,500
xi.	Leasehold premises	600	xxiii.	Cash at bank	510
xii.	Cash in hand	20			

9. (a) How do you know that given Trial balance is correct or not ?

(b) From the following Leger Account balances prepare a Trial Balance as on 31-12-2002

		Rs.			Rs.
i	Opening Stock	15,600	xvi.	Insurance	400
ii.	Freehold premises	30,000	xvii	Bad reserve	300
iii	Plant and Machinery	9,000	xviii.	Commission Received	3,000
iv	Wages	2,000	xix.	paid	1,000
v.	Sundry debtors	12,000	xx	Bad debts	300
vi	Carriages inwards	180	xxi	Office expenses	1,500
vii	Carriage outwards	200	xxi	Salaries	2,000
viii	Factory expenses	1,600	xxiii.	Traveling expenses	200
ix.	Royalty	200	xxiv.	Legal expenses	200
x.	Purchase of machinery	15,000	xxv.	Cash at bank	840
xi	Office rent	1,400	xxvi.	Cash in hand	800
xii.	Capital	16,000	xxvii	Loan taken	6,000
xiii.	Discount Allowed	800	xxviii	Office rent	800

xiv.	Discount received	720	xxix	Net sales	66,000
xv	Sundry creditors	4,000			

10. What do you understand by Double Entry Book Keeping? What are its advantages?

UNIT – 5: FINANCIAL ACCOUNTING - II

Short Answer Questions:

1. Direct expenses vs Indirect expenses?
2. What is Gross profit?
3. What is Net Loss?
4. Draw the proforma of Balance sheet.
5. List out various Assets and Liabilities

Essay Type Questions:

1. Prepare Trading and Profit and Loss account for the year ended 31.12.2003 and a Balance Sheet as on that date from the following Trial Balance.

	Debit Rs.	**Credit Rs.**
Purchases	45,000	
Debtors	60,000	
Interest earned		1,200
Salaries	9,000	
Sales		96,300
Purchases returns		1,500
Wages	6,000	
Rent	4,500	
Sales returns	3,000	

Bad debts written off	2,100	
Creditors		36,600
Capital		31,800
Drawings	7,200	
Printing and stationary	2,400	
Insurance	3,600	
Opening stock	15,000	
Office expenses	3,600	
Furniture and fittings	6,000	
	1,67,400	1,67,400

Adjust the following

(a) Closing stock Rs.20,000

(b) Write off furniture @ 15% per annum.

2. The following figures have been extracted from the records of Fancy Stores a proprietary concern as on 31-12-2021

Furniture	15,000	Insurance	6,000
Proprietors capital a/c	54,000	Rent	22,000
Cash in hand	3,000	Sundry debtors	60,000
Opening stock	50,000	Sales	6,00,000
Fixed deposit	1,34,600	Advertisement	10,000
Drawings	5,000	Postages and telephone	3,400
Provision for bad debts	3,000	Bad debts	2,000
Cash at bank	10,000	Printing and stationery	9,000
Purchases	3,00,000	General charges	13,000
Salaries	19,000	Sundry debtors	40,000
Carriage inwards	41,000	Deposit from customers	6,000

Prepare Trading, Profit and loss account and balance sheet after taking into consideration the following information.

(a) Closing stock as on 31st March was Rs.10,000

(b) Salary of Rs. 2,000 is yet to paid to an employee.

3. The Trial Balance of Prasad Laboratories on 31st December, 2002 is given below:

Debit balances	Rs	Credit balances	Rs
Plant	160000	Capital account	200,000
Purchases	136,000	Sales	254000
Sales returns	2,000	Purchase returns	2,550
Opening stock	60,000	Discounts received	1,600
Discount allowed	700	Sundry creditors	50,000
Bank Balance	4150		
Sundry debtors	90,000		
Salaries	13,600		
Wages	20,000		
Freight	3,900		
Rent, rates and taxes	4,000		
Advertisement	13,800		
	508150		508150

Adjust the following:

(a) Closing stock Rs. 30,000

(b) Rent paid in advance Rs. 500

(c) Depreciate Plant @ 10% per annum

4. From the following Trial Balance of Vikram Foundary Works, prepare Trading Ac-count and Profit and Loss Account for the year ending 31st March 2020. Also prepare a Balance Sheet as on that date.

Dr	Rs	Cr	Rs
Electricity	12,000	Interest	14,000
Land	1,40,000	Discount	6,000
Interest	16,000	Sales	8,00,000
Wages	50,000	Returns	10,000
Opening Stock	20,000	Sundry creditors	60,000
Rent	24,000	Capital	3,02,000
Office expenses	30,000	Bills payable	15,000
Buildings	4,00,000		
Salaries	90,000		
Power, gas and water	30,000		

Returns	20,000
Furniture	15,000
Sundry debtors	60,000

Adjustments:

(a) Outstanding salaries Rs.10,000

(b) Closing stock Rs. 80,000

(c) Depreciate building at 10 per cent per annum

(d) Interest received in advances Rs. 2,000

5. Prepare Trading and profit and loss account for the year ended 31.12.2001 and a Balance Sheet as on that date from the following Trial Balance.

	Dr, Rs.	Cr Rs.
Furniture	6,500	
Plant and machinery	60,000	
Buildings	75,000	
Capital		1,25,000
Bad debts	1,750	
Reserve for bad debts		3,000
Sundry debtors	40,000	
Sundry creditors		24,000
Stock(1.1.2001)	34,600	
Purchases	54,750	
Sales		1,54,500
Bank overdraft		28,500
Sales returns	2,000	
Purchases returns		1,250
Advertising	4,500	
Interest	1,180	
Commission received		3,750
Cash in hand	6,500	
Salaries	33,000	
General expenses	7,820	

Car expenses	9,000	
Taxes and insurance	3,500	
	3,40,000	3,40,000

6. Prepare the Trading and Profit & Loss Account and Balance Sheet of Ramakrishna & Company for the year 2001 from the following:

	Dr	Cr
	Rs	Rs
Ramakrishna capital account		50,000
Stock, 1st January 2001	12,400	
Cash	3,400	
Sundry Debtors	18,200	
Purchases	1,22,600	
Sales		1,87,200
Returns outwards		3,600
Returns inwards	1,000	
Freight inwards	7,400	
Freight outwards	14,400	
Salaries	21,000	
Rent	12,000	
Sundry Creditors		8,000
Miscellaneous dues		200
Drawings Account	12,600	
Furniture and Fittings	21,600	
Depreciation of furniture and fittings	2,400	
	2,49,000	2,49,000

The Closing Stock on 31st December 2001 was valued at Rs.15,600/-.

UNIT– 6: FINANCIAL ANALYSIS THROUGH RATIOS

Short Answer Questions:

1.What is Ratio Analysis?

2.Define Liquidity Ratios.

3.What are Solvency ratios?

4.What is the ideal value for current ratio?

5.List out any two limitations of ratio analysis.

Essay Type Questions:

1. Explain the meaning of the 'Analysis of Financial Statements'. Discuss briefly the different type of analysis.
2. Discuss the importance of Ratio Analysis for inter firm and intra-firm comparison, including circumstances responsible for its limitations, if any.

3. How are ratios classified for the purpose of financial analysis? With assumed data, illustrate any two types of ratios under each category?

4. Write a brief note on the importance of ratio analysis to different category of users.
5. As a financial analyst, what precautions would you take while interpreting ratios meaningfully?

6. What are the limitations of Ratio Analysis? Does ratio analysis really measure the financial performance of a company?

7. following is the Profit and Loss account and Balance Sheet of Jai Hind Ltd. Calculate the following ratios:
   a) Gross Profit Ratio
   b) Current Ratio
   c) Quick ratio

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.

To Opening Stock of		By Sales	800000
Finished goods	100000		
Raw materials	50000	By Closing Stock:	
To Purchase of raw material	300000	Raw Material	150000
To Manufacturing Expenses	100000	Finished goods	100000
To Administration Expenses	50000	By Profit on sale of shares	50000
To Selling& Distribution Exp	50000		
To Loss on sale of Plant	55000		
To Interest on Debentures	10000		
To Net Profit	385000		
	1100000		1100000

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital:		Fixed Assets	250000
Equity Share Capital	100000	Stock of Raw Materials	150000
Preference share Capital	100000	Stock of finished goods	100000
Reserves	100000	Sundry Debtors	100000
Debentures	200000	Bank balance	50000
Sundry creditors	100000		
Bills payable	50000		
	650000		650000

8. a) From the following information, calculate

i. Debt-Equity ratio
ii. Current ratio

	Rs.		Rs.
Debentures	1,40,000	Bank balance	30,000
Long term Loans	70,000	Sundry Debtors	70,000
General reserve	40,000		
Creditors	66,000		
Bills payable	14,000		
Share capital	1,20,000		

b) Calculate interest coverage ratio from the following information

	Rs.
Net profit after deducting interest and taxes	6,00,000
12% Debentures of the face value of	15,00,000
Amount provided towards taxation	1,20,000

9. Compute the following ratios.
   a) Calculate Earnings per share

	Rs.
Net profit before preferential dividend	1,15,000
Equity share capital (40,000 shares of Rs.100 each)	4,00,000
12½% Preference share capital	2,00,000

   b) Calculate Debtors Turnover Ratio

Total sales for the year	Rs.1,75,000
Cash sales 25% of total sales	
Sales returns out of credit sales	Rs. 10,000
Sundry Debtors-Opening balance	Rs. 8,000
Sundry Debtors-Closing balance	Rs.12,000

   c) Calculate interest coverage ratio

	Rs.
Net profit after deducting interest and taxes	6,00,000
12% Debentures of the face value of	15,00,000
Amount provided towards taxation	1,20,000

10. From the information given below calculate:
    a) Inventory turnover ratio (Stock)
    b) Receivables Turnover ratio (Debtors)

	(Amount in Lakhs of Rs.)
Sales (100% credit)	42.00
Opening stock	6.00
Closing stock	7.00
Sales returns	3.00
Opening Balance of Sundry debtors	6.00
Closing Balance of Sundry debtors	4.00

Opening Balance of Bills Receivables	3.00
Closing Balance of Bills Receivables	5.00
Gross profit= 30% of Sales	

11. From the following extract of a balance sheet of an Airlines company calculate the debt equity ratio and interest coverage ratio. Given that the Debt-Equity ratio is in the range of 10:1, how do you interpret this ratio?

50,000, 10% Preference shares of	Rs. 100 each
2, 00,000 equity shares of	Rs. 10 each
10%, 30,000 Debentures of	Rs. 100 each
Net profit during the year was	Rs. 10, 00,000

12. The following are the extracts from the financial statements of Blue and Red Ltd.; as on 31st March 2001 and 2002 respectively.

	31. March 2021	31. March 2022
	Rs.	Rs.
Opening Stock	10,000	25,000
Closing Stock		
Debtors	20,000	20,000
Bills Receivables	10,000	5,000
Cash in Hand	18,000	15,000
Bills payable	15,000	20,000
Bank overdraft		2,000
9% Debentures	5, 00,000	5, 00,000
Sales for the year	3, 50,000	3, 00,000
Gross profit	70,000	50,000

Compute for both the years the following:
(a) Current Ratio
(b) Acid Test Ratio
(c) Stock Turnover Ratio. Also interpret the results.

13. Following is the Balance Sheet of XYZ company as on 31st Dec 2020

Liabilities	Rs.	Assets	Rs.

Equity share capital	20,000	Goodwill	12,000
Capital Reserve	10,000	Fixed assets	28,000
8% loan on Mortgage	16,000	Stocks	6,000
Trade Creditors	8,000	Debtors	6,000
Bank overdraft	6,000	Investments	2,000
		Cash in hand	6,000
	60,000		60,000

Sales amounted to Rs. 1, 20,000. Calculate Ratios for
(a) Testing liquidity, and
(b) Solvency of the Company.

14. a) ABC Ltd has the following information:

Cash = Rs.4, 000 Debtors= Rs.4, 000
Inventory = Rs.24, 000 Current Liabilities = Rs.16, 000
Determine the current ratio and acid-test ratio.

b) A company has sold products worth Rs.6, 00,000 with a gross profit margin of 20%. The inventory at the beginning of the year is Rs.30, 000 and at the end of the year is Rs. 50,000. Determine the inventory turnover ratio and inventory holding Period.

Regulations:

A22

MODEL QUESTION PAPER

Sreenidhi Institute of Science and Technology

(An Autonomous Institution)

Code No: 9ZC01

B. TECH II-Year II-Semester Examinations, (Regular)

BUSINESS ECONOMICS AND FINANCIAL ANALYSIS

Time: 3 Hours **Max. Marks: 60**

Note: a) No additional answer sheets will be provided.

b) All sub-parts of a question must be answered at one place only, otherwise it will not be valued.

c) Assume any missing data.

Bloom's Cognitive Levels of Learning (BCLL)

Remember	L1	Apply	L3	Evaluate	L5
Understand	L2	Analyze	L4	Create	L6

Part - A

Max.Marks:6x2=12

ANSWER ALL QUESTIONS

S. No	Coverage		Bloom's Level	CO(s)	Marks
1	From Unit-I	Explain Law of Demand.	L2	CO1	[2M]
2	From Unit-II	Differentiate fixed and variable costs.	L1	CO2	[2M]
3	From Unit-III	Write a brief note on Imperfect market.	L2	CO3	[2M]
4	From Unit-IV	Define Accounting.	L2	CO4	[2M]
5	From Unit-V	What is a balance sheet?	L1	CO5	[2M]
6	From Unit-VI	Explain the importance of ratio analysis.	L2	CO6	[2M]

Part – B

Max.Marks:6x8=48

ANSWER ALL THE QUESTIONS. EACH QUESTION CARRIES 8 MARKS.

S. No		Coverage		Bloom's Level	CO(s)	Marks
7.	a)	From Unit-I	Define Business Economics. Explain its Nature and Scope.	L2	CO1	[8M]
			(OR)			
	b)	From Unit-I	Elaborate on various Demand Forecasting techniques.	L3	CO1	[8M]
8.	a)	From Unit-II	Explain in detail the concept of Break Even Analysis with graphical representation.	L3	CO2	[8M]
			(OR)			
	b)	From Unit-II	Outline Internal and External Economies of Scale and mention relevant examples.	L2	CO2	[8M]
9.	a)	From Unit-III	Explain in detail the features of perfect markets.	L1	CO3	[8M]
			(OR)			
	b)	From Unit-III	Describe in detail various pricing methods with relevant examples.	L2	CO3	[8M]
10.	a)	From Unit-IV	Explain Accounting Concepts and Conventions.	L2	CO4	[8M]
			(OR)			
	b)	From Unit-IV	Journalize the following transactions: Commenced Business with Rs. 1,00,000 Purchased Machinery Rs. 20,000 Purchased goods from Raju on credit Rs. 5000 Cash deposited in bank Rs. 20,000 Paid salaries Rs. 10,000 Sold goods for Cash Rs. 20,000	L2	CO4	[8M]

			Received Commission Rs. 2000 Paid Rent for the month Rs. 5000			
11.	a)	From Unit-V	Outline Accounting process in detail.	L3	CO5	[8M]
			(OR)			
	b)	From Unit-V	Explain in detail the formats for preparation of final accounts	L2	CO5	[8M]
12.	a)	From Unit-VI	Explain in detail various types of ratios with mathematical expressions.	L4	CO6	[8M]
			(OR)			
	b)	From Unit-VI	Bring out the limitations for using Ratio Analysis as a tool for Financial Statement Analysis	L3	CO6	[8M]

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NOTE:

1. Please ensure their above distribution of questions.
2. Please see that the Part – A questions are within the **scope of the syllabus**, which can be written by students in about 3 minutes.
3. Please see that the Part – B questions are within the **scope of the syllabus**, which can be written by students in about 25 to 30 minutes.
4. Kindly solve the numerical questions so that the inadequacy of the data can be avoided.
5. Please give weightage for each bit in case you give more than one bit in a question.
   The above distribution and the scope shall be ensured.
6. Please use **Font name**: Arial and **font size**: 12 to save the question paper
7. Please follow bloom's taxonomy while preparing the question and don't forget to mention Bloom's Level of the question.

H.T No										

Regulations:
A22

A22

Sreenidhi Institute of Science and Technology

(*An Autonomous Institution*)

Code No: 9ZC01 **Date: 06-Feb-2024 (FN)**

B.Tech II-Year I- Semester External Examination, **Jan/Feb-2024 (Regular)**

BUSINESS ECONOMICS AND FINANCIAL ANALYSIS(EEE, ME and ECE)

Time: 3 Hours
Max.Marks:60

b) All sub-parts of a question must be answered at one place only, otherwise it will not be valued.

c) Missing data can be assumed suitably.

Bloom's Cognitive Levels of Learning (BCLL)

Remember	L1	Apply	L3	Evaluate	L5

Understand	L2	Analyze	L4	Create	L6

Part - A **Max.Marks: 6x2=12**

ANSWER ALL QUESTIONS, EACH QUESTION CARRIES 2 MARKS.

		BCLL	CO(s)	Marks
1	Define Economics.	L1	CO1	[2M]
2	Outline the concept of isoquants.	L1	CO2	[2M]
3	Distinguish between Perfect Competition and Monopoly.	L2	CO3	[2M]
4	List out golden rules of accounting.	L1	CO4	[2M]
5	Bring out the importance of financial accounting.	L1	CO5	[2M]
6	Illustrate about liquidity ratios.	L2	CO6	[2M]

Part – B **Max.Marks: 6x8=48**

ANSWER ALL QUESTIONS. EACH QUESTION CARRIES 8 MARKS.

		BCLL	CO(s)	Marks
7.	Explain the Nature & Scope of Business Economics.	L2	CO1	[8M]
	OR			
8	What is Demand Forecasting and brief on the methods of demand forecasting?	L1	CO1	[8M]
9.	Illustrate the internal and external economies of scale.	L2	CO2	[8M]
	OR			
10	A company producing a single article sells at Rs. 20 each. The Variable cost of production is Rs. 12 each and fixed cost is Rs. 8000 p.a. Calculate (i) the P/V Ratio and (ii) Sales required to break-even point.	L4	CO2	[8M]

11.	What is Monopoly? What are the causes and features of monopoly?	L1	CO3	[8M]
	OR			
12	What is Perfect Market Competition and brief on features of perfect competition?	L1	CO3	[8M]
13.	Explain the Concepts and conventions of accounting.	L2	CO4	[8M]
	OR			
14	Journalize the following transactions which should be shown in the Books of a Company and prepare necessary ledger accounts.	L4	CO4	[8M]

i. Started business with cash ₹ 55,000
ii. Paid into bank ₹ 25,000
iii. Goods purchased from Ajay ₹ 7,800
iv. Purchased Furniture and payment made by cheque ₹ 5,250
v. Sold goods for cash ₹ 2,550
vi. Paid Telephone Rent ₹ 550

15.	Draw the format of Final accounts with imaginary figures.	L2	CO5	[8M]
	OR			
16	From the following Trial balance of ABC Ltd you are required to prepare Trading & Profit & Loss Account and balance sheet as on 31 st March 2020.	L3	CO5	[8M]

Trial Balance

Debit Balances	Rs.	Credit Balances	Rs.
Opening stock	50,000	Sales	14,00,000
Furniture	32,000	Creditors	1,45,000
Purchases	11,10,600	Bank Overdraft	1,00,000
Carriage inwards	9,400	Provision for doubtful debts	4,200
Bad debts	3,600	Discount	1,000

Wages	1,04,000	Purchase Returns	40,000
Debtors	1,60,000	Capital	4,00,000
Sales Returns	30,000		
Rent	48,000		
Salaries	1,36,000		
Cash	17,800		
Drawings	28,000		
Buildings	3,20,000		
Advertisement	20,000		
Interest on bank overdraft	14,000		
Miscellaneous Expenses	6,800		
Total	**20,90,200**		**20,90,200**

Adjustments:

1. Closing stock is valued at Rs.72,000
2. Make a Provision for Bad and doubtful debts at the rate of 5% on debtors.
3. Depreciate furniture by 10%
4. Provide for interest on capital at the rate of 6%p.a.

17. Classify financial Ratios on the basis of financial statements. What do they convey? L2 CO6 [8M]

OR

18 L3 CO6 [8M]

Liabilities	Rs.
Equity Share Capital	5,00,000
Preference share capital	2,00,000
General Reserve	1,00,000
Secured Loan	3,00,000
Sundry Creditors	1,00,000

Total	12,00,000
Assets	Rs.
Land& Building	1,00,000
Machinery	4,00,000
Furniture	50,000
Inventory	3,00,000
SundryDebtors	3,00,000
Cash/BankBalance	50,000
Total	12,00,000

Calculate the following ratios

a)current Ratio

b)Liquidity Ratio

C)Proprietary Ratio

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SNIST
AUTONOMOUS

H.T No

(An Autonomous Institution)

Regulations: A22

Code No:9ZC01

Date: 16-July-2025 (FN)

B.Tech II-Year II- Semester External Examination, July-2025 (Regular and Supplementary)
BUSINESS ECONOMICS AND FINANCIAL ANALYSIS (CSE,IT,ECM,CS, AIML, DS, IOT)

Time: 3 Hours **Max.Marks:60**

Note: a) No additional answer sheets will be provided.
b) All sub-parts of a question must be answered at one place only, otherwise it will not be valued.
c) Missing data can be assumed suitably.

Bloom's Cognitive Levels of Learning (BCLL)

Remember	L1	Apply	L3	Evaluate	L5
Understand	L2	Analyze	L4	Create	L6

Part - A Max.Marks: 6x2=12

ANSWER ALL QUESTIONS, EACH QUESTION CARRIES 2 MARKS.

		BCLL	CO(s)	Marks
1	Define Business Economics.	L1	CO1	[2M]
2	Define fixed cost and variable cost.	L1	CO2	[2M]
3	Mention any two characteristics of Monopoly.	L2	CO3	[2M]
4	List various types of accounts.	L2	CO4	[2M]
5	What are the components of final accounts?	L1	CO5	[2M]
6	Write the formula for Debt to Equity Ratio along with ideal ratio.	L1	CO6	[2M]

Part – B Max.Marks: 6x8=48

ANSWER ALL QUESTIONS. EACH QUESTION CARRIES 8 MARKS.

		BCLL	CO(s)	Marks
7.	Explain the Law of Demand with the help of a diagram. Discuss the major exceptions to the Law of Demand and illustrate how the demand curve behaves under these exceptions."?	L2	CO1	[8M]
	OR			
8	Analyze how different types of price elasticity of demand influence business decision-making.	L4	CO1	[8M]
9.	Describe the production function and explain the significance of returns to scale in production."	L3	CO2	[8M]
	OR			
10	a) Define Isocosts and Isoquant curves and explain their key features. Illustrate their relationship with the help of a labeled diagram."	L2	CO2	[8M]
	b) From the following particulars, calculate:			
	(i) Break-even point in terms of sales value and in units.			
	(ii) Number of units that must be sold to earn a profit of Rs.90,000.			
	Fixed cost Rs.72,000			
	Variable cost per unit Rs.15			
	Selling Price per unit Rs. 24			
11	Define Perfect Competition. Discuss the features of Perfect Competition.	L2	CO3	[8M]
	OR			
12	Explain various pricing methods such as Cost-Plus Pricing, Marginal Cost Pricing, Block Pricing and Competitive Pricing.	L3	CO3	[8M]

13 Prepare journal entries for the following transactions: L3 CO4 [8M]

1. Started business with Rs. 1,00,000
2. Purchased furniture for Rs. 20,000
3. Sold goods for cash Rs. 10,000
4. Cash deposited into bank Rs. 5,000
5. Purchased good from Suresh Rs. 75,000
6. Paid rent to land lord Rs. 15,000
7. Commission received Rs. 2,000
8. Interest paid Rs. 1,000

OR

14 List the Accounting Concepts. Differentiate between Accounting Concept and Accounting convention. L2 CO4 [8M]

15 Prepare the Trading and Profit & Loss Account for the year ending 31st March 2025 and the Balance Sheet as on that date from the following trial balance and adjustments: L3 CO5 [8M]

Particulars	Debit (Rs.)	Credit (Rs)
Opening Stock	50,000	
Purchases	2,00,000	
Sales		3,00,000
Wages	40,000	
Rent	20,000	
Salaries	30,000	
Machinery	1,50,000	
Creditors		60,000
Debtors	70,000	
Capital		2,40,000
Drawings	10,000	
Bank	30,000	
	6,00,000	6,00,000

Adjustments:

- Closing stock on 31st March 2025 was valued at Rs. 60,000.
- Rent includes Rs.5,000 prepaid for next year.
- Salaries outstanding Rs. 3,000.
- Provide depreciation on machinery @ 10% p.a.

OR

16 Explain the process of preparation of Final Accounts using imaginary figures. L2 CO5 [8M]

17 Calculate Gross profit and Net profit ratios from the following data. L4 CO6 [8M]

- Net sales Rs.50000
- Cost of goods sold Rs. 20000
- Administration Expenses Rs. 3000
- Selling and Distribution expenses Rs. 4000
- Tax @ 20%

OR

18 Describe the liquidity ratios and explain why they are important for a business. L3 CO6 [8M]

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