

Hall Ticket No

Question Paper Code: AHSB14



# INSTITUTE OF AERONAUTICAL ENGINEERING (Autonomous)

B.Tech III Semester End Examinations (Regular), February – 2021

Regulation: IARE-R18

## BUSINESS ECONOMICS AND FINANCIAL ANALYSIS

Time: 3 Hours

(CSE | IT)

Max Marks: 70

Answer any Four Questions from Part A

Answer any Five Questions from Part B

### PART – A

1. Write a short note on unit price elasticity of demand. [5M]
2. Explain any five important cost concepts useful for managerial decisions. [5M]
3. Outline any three merits and demerits of partnership. [5M]
4. List out the factors which are influenced on working capital requirements. [5M]
5. Differentiate between trial balance with balance sheet. [5M]
6. Write cross elasticity of demand in case of complimentary goods. [5M]
7. Distinguish in detail the different types of production function with their formulas. [5M]
8. Explain how a firm attains equilibrium in the short run under conditions of perfect competition. [5M]

### PART – B

9. What are the needs for demand forecasting? Explain the various steps involved in demand forecasting? [10M]
10. Distinguish between substitutes and complements with examples. How does this distinction of goods help in business decision making? [10M]
11. Examine the significance of break-even analysis. State the assumptions and limitations of break even analysis. [10M]
12. If sales are 10,000 units and selling price is Rs 20 per unit, variable cost Rs.10 per unit and fixed cost is Rs. 80,000. Find out BEP in units and in sales revenue. What is the profit earned? What should be the sales per earning a profit of Rs. 60,000.? [10M]
13. What are the different kinds of organizations that come under the public sector and explain ? [10M]
14. Differentiate between the private and public sector enterprises? Explain the basic features of government company of public enterprise. [10M]
15. Enumerate the different methods of capital budgeting. Illustrate the significance and limitations of capital budgeting. [10M]
16. M/s. Sreedharan Ltd. is considering the purchase of a machine which cost Rs.1,50,000. Expected cash inflows from the above investment as given in Table 1.

Table 1

Years	1	2	3	4	5
Cash Inflow [Rs.]	50,000	50,000	50,000	50,000	50,000

Assuming the discount rate as 10% suggest whether purchase of that machine is worth or not as per NPV?

[10M]

17. Explain financial accounting and explain the objectives and functions of financial accounting [10M]

18. Write Journal Entries in the books of Ms. Varalakshmi from the following transactions.

2010, Jan.1st Business started with cash Rs.50,000, Cheque

Rs.30,000, Furniture Rs.20,000 and Stock Rs.20,000

Jan 8th Goods sold to Arjun on credit for Rs.3,500

Jan 9th Goods returned from Arjun Rs.500

Jan 10th Arjun settled his account with amount of Rs.2,900

Jan 11th Goods taken by proprietor for his personal use Rs.5,000

Jan 12th Cash taken by proprietor for his domestic use Rs.2,000

Jan 31st Telephone purchased for Domestic use Rs.10,000

Jan31st Rent Paid for personal use Rs.5,000

[10M]

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