Hall Ticket No | | | | | | | | | | Question Paper Code: AHSC13

INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal-500043, Hyderabad

B.Tech VI SEMESTER END EXAMINATIONS (REGULAR) - JULY 2023

Regulation: UG-20

BUSINESS ECONOMICS AND FINANCIAL ANALYSIS

Time: 3 Hours **(Common to IT | ECE)** **Max Marks: 70**

Answer ALL questions in Module I and II
Answer ONE out of two questions in Modules III, IV and V
All Questions Carry Equal Marks
All parts of the question must be answered in one place only

MODULE – I

1. (a) Mention the significance of historical data in demand forecasting. What are the challenges businesses may face when relying solely on historical data for demand estimation.
[BL: Understand| CO: 1|Marks: 7]

   (b) Discuss the importance of price elasticity and illustrate different methods of price elasticity with suitable formulas and graphs. [BL: Apply| CO: 1|Marks: 7]

MODULE – II

2. (a) Summarize the law of returns to scale and explain the three possible scenarios that can arise: increasing returns to scale, constant returns to scale, and decreasing returns to scale. Provide an example for each scenario. [BL: Understand| CO: 2|Marks: 7]

   (b) A manufacturer sells his product at Rs. 5 each. Variable costs are Rs.2 per unit and the fixed costs amount to Rs. 60,000.

   i) Calculate the break-even point (BEP)

   ii) Calculate the profit if the firm sells 30,000 units?

   iii) What would be the BEP if the firm spends Rs.3,000 on advertising?

   iv) How much should be the manufacturer sell to make a profit of Rs.30,000 after spending Rs.3,000 for advertisement? [BL: Apply| CO: 2|Marks: 7]

MODULE – III

3. (a) Compare and contrast the characteristics of perfect competition, monopoly, monopolistic competition, and oligopoly. [BL: Understand| CO: 3|Marks: 7]

   (b) Elucidate the features, merits and demerits of sole trader form of organization.
[BL: Understand| CO: 3|Marks: 7]

4. (a) Outline the different types of public enterprises based on their ownership and control. Provide examples for each type. [BL: Understand| CO: 4|Marks: 7]

   (b) Categorize various types of partners in partnership. Explain different sources of capital needed for a joint stock company [BL: Understand| CO: 4|Marks: 7]

MODULE – IV

5. (a) State the process of investment decisions and explain the factors that affect the capital budgeting decisions [BL: Understand| CO: 5|Marks: 7]

   (b) Determine internal rate of return (IRR) for the project given in Table 1. [BL: Apply| CO: 5|Marks: 7]

Table 1

	Rs. in Lakhs					
Year	Initial cost	2011	2012	2013	2014	2015
Project-Y	30.00	7.00	8.00	6.50	9.00	4.50
PV @14%	1.000	0.877	0.769	0.675	0.592	0.5197

6. (a) Differentiate traditional and discounted cash flow techniques of capital budgeting techniques [BL: Understand| CO: 5|Marks: 7]

   (b) A company has two proposals for consideration (Y&Z) as shown in Table 2. The cost of proposals in both the cases are Rs 5,00,000 each. A discount factor of 10% may be used to evaluate the proposals. The cash flows after taxes are as under. Which proposal can be undertaken under net present value (NPV)? [BL: Apply| CO: 5|Marks: 7]

Table 2

Year	Proposal Y	Proposal Z	PV @10%
1	1,50,000	60,000	0.909
2	2,20,000	1,50,000	0.826
3	2,40,000	2,00,000	0.751
4	1,80,000	2,50,000	0.683
5	1,50,000	3,00,000	0.651

MODULE – V

7. (a) Enumerate various accounting concepts and conventions with suitable examples. [BL: Understand| CO: 6|Marks: 7]

   (b) Identify the recording process of journal entry in a systematic manner for the data given in Table 3 [BL: Apply| CO: 6|Marks: 7]

Table 3

Date	Description	Amount: Rs
01-07-2016	Business Commenced with a cash	5,00,000
05-07-2016	Deposited in Bhuvaneswari Bank Ltd	3,00,000
09-07-2016	Goods Purchased from Hindu Heritage Ltd.	25,00,000
14-07-2016	Sold Goods to Amar Infra Ltd.	50,00,000
19-07-2016	Salaries & Rent Paid through bank	6,00,000
23-07-2016	Received a Cheque from Amar Infra Ltd	40,00,000
29-07-2016	Paid to Hindu Heritage Ltd.	20,00,000
30-07-2016	Draw Cash for Office Expenses	5,00,000

8. (a) Summarize about final accounts and discuss the purpose of each of them.

[BL: Understand| CO: 6|Marks: 7]

(b) On the basis of the information given in Table 4 calculate:

i) Gross profit ratio

ii) Debt equity ratio

iii)Working capital turnover ratio. [BL: Apply| CO: 6|Marks: 7]

Table 4

Rs.		Rs.	
Net sales	30,00,000	Paid up share capital	5,00,000
Cost of goods sold	20,00,000	Debentures	2,50,000
Current Assets	6,00,000	loans	1,25,000
Current Liabilities	2,00,000	-	-

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