ADITYA DEGREE COLLEGES: AU REGION

IV SEMESTER – MID – I – EXAMINATIONS

Date:07-02-2025   Course:II BBA   Max. Marks: 60 M

Time: 3 hrs

Subject: FINANCIAL MANAGEMENT(Major)

SECTION - A

Answer any fivefrom the following questions   **5 x 4 =20 M**

1. Define payback period

2. Define ARR

3. Write a short notes on capital budgeting.

4. Write the scope of financial management.

5. Types of finance

6. Define NPV

7. Catainity equivalent approach.

8. Decision tree analysis.

SECTION - B

Answer all questions from the following.   **4 x 10 = 40M**

9.   a) Explain the objectives of Financial Management.
                    (OR)
     b) "Functions of Financial Manager" explain.

10. a) What is meant by capital budgeting explain.
                    (OR)
     b) There are two projects A and B. Each project required a cash 25000. Annual cash in flowsgiven below.

Year	A	B
1	2000	4000
2	3000	5000
3	5000	7000
4	6000	9000
5	9000	-

       Calculate payback period.

11. a) Calculate ARR.
        Project cost is 40,000. Its stream of earnings before depreciation interest and tax during first five years is expected, Rs.10000,   12000, 14000, 16000, 20000 assume taxrate 50% and calculate depreciation in straight line method.
                    (OR)
     b) Calculate ARR

Particular	Project –A	Project –B
Investment	40,000	50,000

Life of the project project	4 Years	5 Years
Cash inflows		
1	3000	3000
2	4000	5000
3	2000	4000
4	3000	2000
5	-	3000
	12000	17000

12. a) Kittu Ltd has two mutually exclusive investment proposals, they are Project-A and Project-B.

Particular	Project-A		Project-B	
	Cash Inflows	CE	CI	CE
1	8000	0.2	14000	0.2
2	16000	0.2	16000	0.6
3	24000	0.2	18000	0.2

The investment of each project -12000/- calculate NPV

(OR)

b) Mr. Ramana considering an investment proposal of 20,000. The expected returns during the life of the investment are as under.

Year –I

Event	CI	Probability
a	8000	0.3
b	12000	0.5
c	10000	0.2

Year-II

Event	CI	Pro	CI	Prob	CI	Prob
A	20,000	0.2	20,000	0.10	30000	0.2
B	20,000	0.6	35,000	0.80	35000	0.5
C	20,000	0.2	40,000	0.10	50000	0.3

By using decision tree analysis assume 10% PIV factor