



# KAKINADA SRI ADITYA DEGREE COLLEGE

(AFFILIATED TO DR.B.R.AMBEDKAR UNIVERSITY)

BBA IV- SEMESTER,-MID-1 EXAMINATIONS FEB -2025

DATE: 12.02.2025

Time: 3 Hrs

SUBJECT: FINANCIAL MANAGEMENT

Max Marks:50M

## I. Answer all of the following:

3 X 10 M= 30M

1.a) Explain objectives of financial management.

Or

b) Explain the role of financial manager.

2a) Calculate ARR for the following projects X and Y.

Particulars	Project X	Project Y
Investment(Rs)	30,000	20,000
Expected life (years)	5	4
Income after depreciation & taxes (Rs)		
1	2000	1500
2	3000	2000
3	1000	1500
4	1000	1000
5	3000	-

If the required rate of return is 12% which project should be under taken.

Or

b) Explain what are the methods of evaluation in capital budgeting

3a) Company is considering investment in a project that cost Rs 2,10,000 the project was expected to have life for 5 years and scrap value zero .The company uses straight line method for calculating depreciation. Tax rate is assumed to be 40%.

The following are the earning estimated briefly good morning depreciation before tax from the project.

Year	Earnings before depreciation & taxes (Rs)
1	70,000
2	80,000
3	1,20,000
4	90,000
5	60,000

Calculate NPV @ 12% and advise the company.

Or

b) Explain the sources of finance

## II. Answer FOUR of the following:

4 X 5 M= 20M

4. Capital budgeting process.

5. Explain the concept of capital rationing.

6. Payback period and explain the merits and demerits.

7. Features of equity shares.

8. Scope of financial management.

9. Types of preference shares.



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