



Term Evaluation (Even) Semester Examination March 2025

Roll no.....

Name of the Course: B. Com (H)

Semester: II

Name of the Paper: Business Finance

Paper Code: BCH-20X

Time: 1.5 hour

Maximum Marks: 50

Note:

- (i) Answer all the questions by choosing any one of the sub-questions
- (ii) Each question carries 10 marks.

Q1.

a. Discuss the scope and objectives of Finance in the context of Business.

OR

b. Calculate the future value of the investments of ₹1,00,000 and ₹1,50,000 that earns an annual interest rate of 5% and 7% compounded annually for 5 years and 3 years respectively.

CO1 (10 Marks)

Q2.

a. Elucidate with the help of examples the different types of risks and how they are quantified?

OR

b. Consider two stocks, A and B. Stock A has an expected return of 12% and a standard deviation of 20%. Stock B has an expected return of 10% and a standard deviation of 15%. Which stock has a higher risk and potentially higher return? Give reasons for the same.

CO2 (10 Marks)

Q3.

a. Explain the Capital Asset Pricing Model (CAPM) and how is it used in financial decision-making?

OR

b. A company issues a bond with a par value of ₹1000, an annual coupon rate of 5%, and a maturity of 10 years. If the required rate of return is 6%, what is the present value of the bond?

CO2 (10 Marks)

Q4.

a. Calculate the NPV of a Project when the Initial Investment = ₹100,000, Cash Flows over 5 years = ₹30,000 each year, Discount Rate = 10%.

OR

b. Discuss the Capital Budgeting Process in detail.

CO2 (10 Marks)

Q5.

a. Discuss the Profitability Index and Capital Budgeting under Risk in the context of Capital Budgeting.

OR

b. Bring out the differences with the help of examples between ARR (Accounting Rate of Return) and IRR (Internal Rate of Return).

CO2 (10 Marks)