ourdiu.com | Shared by ALAMGIR HOSSAIN

Daffodil International University

Faculty of Science & Information Technology
Department of Information Technology and Management
Final Examination, Spring 24

Course Code: ITM- 307, Course Title: Introduction to Finance

Level: 3 **Term: 2** **Instructor: NI** **Marks: 40** **Time: 2hr**

Instructions: *You may answer the question (1,2 or 3) randomly, but the sections (a, b and c) should be answered sequentially. Be respectful to the Exam ethics. Use own Stationary.*

1) Finance concept. [Total - 13]

a) Show the **deferance** between Non non-systematic risk vs systematic risk [Marks-4]

b) Explain the Steps in the capital budgeting process. [Marks- 4]

c) Define Holding Cost and Carry Cost. [Marks- 2] [CLO-1 L-5]

d) Between NVP and PI with is the better System [Marks-2]

2) Solve Capital Budgeting Problems [Total - 13]

Amin Muhammad Group is in the process of choosing the better of two equal-risk, mutually exclusive capital expenditure projects—Alo and Ola. The relevant cash flows for each project are shown in the following table. The firm's cost of capital is 10%.

	Alo	Ola
0	- $495,000	- $547,000
1	$190,000	$260,000
2	$394,000	$225,000
3	$135,000	$245,000
4	$279,000	$387,000

a) **Calculate** each project's *payback period (PBP)* and **recommend** the best project with reason. [Marks-4]

b) **Calculate** the *net present value (NPV)* for each project and **recommend** the best project with reason. [Marks-4]

c) **Calculate** the *internal rate of return (IRR)* for each project and **recommend** the best project with reason. [Marks-5] [CLO 4, L-5]

ourdiu.com | Shared by ALAMGIR HOSSAIN

3. *Choose the best among the options based on Risk and Return calculation. [total- 8]*

	Probability	Return Blockbuster Cinema hall	netflix
1	10%	- 5,485	6,418
2	30%	- 1,564	45,895
3	20%	65,865	34,478
4	40%	44,185	- 45,865

*i) Find **Expected return,*** [Marks-2] CLO 4
***ii)Standard Deviation** and* [Marks-2] L 5
iii)CV of Blockbuster Cinema hall [Marks-2]
ii) if you want to give loan to any mutually exclusive project which one you will give [Marks-2]

4 Working capital – Inventory Management [total-6]

MOJO Cola uses 2300 units of a product per year on a continuous basis. The product has a fixed cost of BDT 700 per order, and its carrying cost is BDT 3000 per unit per year. It takes 14 days to receive a shipment after an order is placed, and the firm wishes to hold 15 days' usage in inventory as a safety stock.

a. Calculate the EOQ. [Marks-2]
b. Determine the average level of inventory. (Note: Use a 300 -day year to calculate daily usage. [Marks-2] CLO 4 L5
c. Determine the reorder point. [Marks-2]

ourdiu.com