

Daffodil International University
Faculty of Business & Entrepreneurship
Department of Business Administration
Program: BBA

Semester: Spring 2026
 Time: 1 Hour 30 Minutes
 Course Code: 0412-411
 Section: A & B

Examination: Mid Term Exam
 Full Marks: 25
 Course Title: Corporate Finance
 Teachers' Name: DAZR, KZ

Part A: Quantitative Part (20 Marks)

Question 01:

5 Marks [CLO2, L-5]

Estimate the Cash Flow of Cha & Chill

Cha & Chill is planning to establish new branch start business in Daffodil Smart City from April 1, 2026. Recently you have been recruited as the finance manager & you are assigned to estimate cash flow of the Cha & Chill for next 2 years based on the following information-

Information of Cash Flow Calculation		
Particulars	2026	2027
Selling Unit	10000	15000
Selling Price	50	55
Variable Cost	30	32
Fixed Cost of Production	5	5
Operating Expenses	50000	55000
Fixed Assets		
Furniture & PPE	150000	
Depreciation	20%	
Tax	20%	

Question 02:

5 Marks [CLO2, L-4]

Following cash flows (in million BDT) on two mutual exclusive Projects of Café C². Suppose, you have been working as the financial analyst of Café C². Currently the company is considering following 2 projects and you are asked to give you decision by analyzing NPV as both projects are having unequal cash inflows/outflows if cost of capital is 12%.

Project	0	1	2	3	NPV	IRR
Big	-50000	25000	18000	35000	\$11,583.23	24.28%
Small	-40000	24500	20000	16000	\$9,207.36	26.07%
Big-Small	-10000	500	-2000	19000	?	?

Question 03:

5 Marks [CLO2, L-4]

BFC is planning to choose project between these two projects. Cost of Project B is less than Project A and life of the projects are also differ. Give your opinion to the company by analyzing projects using EAA Method if cost of capital 10%.

Project	0	1	2	3	4	5	6	7
A	-35000	9000	8500	10000	13000	5000	6000	7000
B	-25000	11000	10000	12000	7500			

Question 04:**5 Marks [CLO3, L-5]**

Pinewood Café's current & proposed capital structure are shown in the table. Company is planning to shift current to proposed condition & expected EBIT will be 2000 in recession; 3000 will be in Average & 5000 will be in boom condition. If the tax rate is 25% then estimate the EPS under different economic situation and decide what should company do?

Details	Current	Proposed
Assets	50000	50000
Debt	0	20000
Equity	50000	30000
Interest Rate	10%	10%
Price	20	20
No of Share	2500	1500

Part B: Conceptual Questions**Answer any Two (2) Questions****2.5*2=5 Marks**

1. Explain why it is necessary to resolve the agency problem in businesses. Describe how companies in Bangladesh are taking steps to address this issue. Discuss your perspective on the effectiveness of these actions. (CLO1, L2)
2. Explain the systemic approach required for making long-term investment decisions. Explain why capital budgeting is crucial. (CLO1, L2)