

Bangladesh Open University
BBA Program
Semester: 162 (8th Level-Finance)

Course Title: Financial Statement Analysis

Due on: 04 August, 2017

Instructions

- Answer the all questions in your own handwriting on A4 size white paper.
- Fill-in the cover page of your assignment with care.
- Enclose the photocopy of your ID Card with the assignment (next to the cover page).
- Don't make spiral binding. Instead, make soft binding.
- Submit the assignment to the respective course tutor and ensure his/her signature on your Assignment Acknowledgement Form (see page#4 of Semester Calendar).

Questions

1. (a) what are cash equivalents? Why are they included with cash on a statement of cash flows??
- (b) What are the three major sections on a statement of cash flows? What are the general rules that determine the transactions that should be included in each section?
- (c) Changes in various accounts and gains and losses on the sale of assets during the year for Rahat Company are given below:

Item	Amount (Tk.)	
Accounts receivable	750,000	Decrease
Accrued interest receivable	40,000	Decrease
Inventory	1,000,000	Increase
Prepaid expenses	30,000	Increase
Accounts payable	500,000	Decrease
Accrued liabilities	70,000	Decrease
Sale of equipment	65,000	Loss

Required:

Prepare an answer sheet using the following column headings –

Item	Amount	Add	Deduct
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For each item, Place an X in the Add or Deduct column to indicate whether the dollar amount should be added to or deducted from net income under the indirect method when computing the net cash provided by operating activities for the year.

2. (a) What is financial statement analysis?
(b) What is the basic purpose for examining trends in a company's financial ratios and other data? What other kinds of comparisons might an analyst make?
(c) Selected financial data from the June 30 year end statements of Safford Company are given below:

Total assets	Tk.3600,000
Long term debt (12% interest rate)	Tk.500,000
Preferred stock, Tk. 100 par, 8%	Tk.900,000
Total stockholders' equity	Tk.2400,000
Interest paid on long-term debt	Tk.60,000
Net Income	Tk.280,000

Total assets at the beginning of the year were Tk. 3,000,000; total stockholders' equity was Tk.2200,000. There has been no change in preferred stock during the year. The company's tax rate is 30%.

Required:

- I. Compute the return on total assets.
 - II. Compute the return on common stockholders' equity.
 - III. Is financial leverage positive or negative? Explain.
3. (a) Explain how analysis of financial statements is used to evaluate a company's liabilities, both existing and contingent.
(b) Discuss how off-balance sheet financing items should be treated for financial analysis purposes.
(c) Describe the major disclosure requirements for long-term liabilities.

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Course Title: Financial Statement Analysis

Due on: 15 September, 2017

1. (a) Discuss the main concerns in analysis of accounts receivable..
(b) Explain how an analyst evaluates unrecorded assets.
(c) Assume that a machine costing Tk. 450,000 and having a useful life of five years (with no salvage value) generates a yearly income before depreciation and taxes of Tk. 200,000

Required:

Compute the annual rate of return on this machine (using the beginning-of-year book value as the base) for Sum of the year's digits depreciation methods (assume a 35% tax rate)

2. (a) Describe a futures contract.
(b) What is an option contract? When is an option likely to be exercised?
(c) Identify and explain some of the important limitations of consolidated financial statements.
3. (a) Discuss uses of EPS and reasons or objectives for the current method of reporting EPS.
(b) How does the payment of dividends on preferred stock affect the EPS computation? Explain with example.
(c) What are the two basic economic concepts of income? What implications do they have for analysis?

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Course Title: Bank Management

Due on: 04 August, 2017

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Questions

1. (a) What do you mean by bank? Briefly discuss the overall banking system in Bangladesh
(b) Explain all the elements, which influence bank business.
2. (a) Showing the organizational structure of a commercial bank.
(b) Compare the different sources of bank funds.
3. (a) Explain the background and the components of CAMELS rating.
(b) Describe the different types of bank deposits.
4. (a) What is meant by reserve? Briefly explain the major types of reserves.
(b) Differentiate elaborately between primary reserve and secondary reserve.
- 5 Write the notes on following Terms:
(a) Central Bank of Bangladesh; (b) Bank management; (c) Inflow and outflow of bank funds; (d) Deposit mix; (e) First and second line of defense.

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Course Title: Bank Management

Due on: 15 September, 2017

1. (a) Briefly describe the different types of liquidity management strategies for bank.
(b) What is meant by loan? Differentiate between loan and investment.
2. (a) Explain the nine steps through which loan operations are executed.
(b) Briefly discuss the steps of credit analysis.
3. (a) What is internet banking? Discuss the ways in which internet banking uses web site.
(b) Discuss the present condition of electronic banking in Bangladesh.
4. (a) Identify the problems and suggest the possible solutions of electronic banking in Bangladesh.
(b) Write the notes on following terms:
(c) Contingent liquidity; (ii) Condition of 5' Cs; (iii) problem loan; (iv) Automated Teller Machine (ATM)

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Semester: 162 (8th Level-Finance)

Course Title: International Financial Management

Due on: 04 August, 2017

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Questions

1. (a) Explain the reasons why Multinational Corporations (MNC's) expand internationally.
(b) Explain why unfavorable economic or political conditions affect the MNC's cash flow, required rate return and valuation.
2. (a) Explain the agency problem of Multinational Corporations (MNC's).
(b) State some of the common methods used by MNC's to improve their international Control Process.
3. (a) What are the key components of the balance of payments? Explain.
(b) Describe the factors that affect international portfolio investment.

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Course Title: International Financial Management Due on: 15 September, 2017

1.
 - (a) Discuss the theory of purchasing power parity (PPP).
 - (b) Assume that the spot exchange rate of British pound is \$1.73. How will this spot rate adjust according to PPP if the United Kingdom experiences an inflation rate of 7% while the United States experiences an inflation rate of 2%?

2.
 - (a) What is the expected relationship between the relative real interest rates of the two countries and the exchange rate of their currencies?
 - (b) What are the limitations of using a fundamental technique for forecast exchanges rates?
 - (c) Assume that the annual US return is expected to be 7% for each of the next 4 years, while the annual interest rate in Mexico is expected to be 20%. Determine the appropriate 4-year forward rate premium or discount on the Mexican Peso? Which could be used to forecast the percentage change in the Peso over the next 4 years.

3.
 - (a) Discuss the theory of international Fisher Effect (IFE). What is the rationale for the existence of the IFE?
 - (b) Why should capital budgeting for subsidiary projects be assessed from the parent's perspective? What additional factors that normally are not relevant for a purely domestic project deserve consideration in multinational capital budgeting.

Bangladesh Open University
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Semester: 162 (8th Level-Finance)

Course Title: International Economics

Due on: 04 August, 2017

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Questions

1. What is the difference between Intra-national and International Trade? Why a Separate Theory of International Trade is needed?
2. Explain the Theory of Absolute Advantage. How the Theory of Comparative Cost is superior to the Theory of Absolute Advantage?
3. What is trade protectionism? What are the instruments of trade protection Bangladesh usually use?
4. Is it right to control trade? What is your argument for your answer?
5. What are the major export items in Bangladesh right now? What are their shares in total export revenue of Bangladesh?
6. What are the destinations of our exports? List the names of the countries.
7. What is Balance of Payments (BoP)? What are the BoP accounts? How does the Balance of Payments Balance?

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Course Title: International Economics

Due on: 15 September, 2017

1. What is Foreign Exchange/Forex/FX? Mention the foreign exchange systems/regimes.
2. What is the relationship between Foreign Exchange Rate and Balance of Payments? Mention the factors affect the exchange rate. If our local currency appreciates, how it will influence our trade?
3. Mention the purposes and objectives of International Monetary Fund (IMF).
4. What is Foreign Direct Investment (FDI)? What are the categories of FDI? Mention the policies of Bangladesh government that support inward FDI. List the countries from where Bangladesh gets FDI?
5. Describe the benefits of FDI for the host country. How the home country is benefitted from outward FDI? Do you think Bangladesh got outward FDI? List the countries where Bangladeshi FDI's go.