श्रून वर विजलप्र

MBA: 1301

Bangladesh Open University

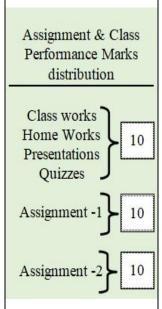
MBA Program Semester: 201 (1st Level)

Course: Principles of Management Due on: January 06, 2023

Instructions for Assignment Submission



- 1. Assignments must be submitted on A4 size paper in own hand writing.
- 2. Completed cover must be used on the top of each assignment as per the specimen cover page in the Semester Calendar)
- 3. Assignments must be submitted to the **coordinator** of the study center you are attached with.
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Questions

- 1. (a) What do you understand by management? Describe the characteristics of management. Do you think the characteristics are universal in all the organization? Critically analyze your opinion.
 - (b) Do you find any differences among organization, administration and management? Clarify your argument.
 - (c) Who is the father of modern management? Describe the principles of management pronounced by the father of modern management.
- 2. (a) What is planning? Describe the various types of planning.
 - (b) Suppose, you are thinking to introduce automation in your organization to perform the activities of different divisions by the next 5 years. In this context, what are the sequential steps you ought to follow? Critically discuss the steps with example.
 - (c) What is management by objectives (MBO)? Explain the steps of MBO cycle. How MBO concept assists manager to attain organization's goals?
- 3. (a) What do you understand by organizing? Why is organizing needed? Explain.
 - (b) If you are working in a position to supervise lot of workers which seem unable to manage in getting things done through them. Do you think this situation is justified in the organizational context? If yes, how? If no, how will you determine your optimum numbers to supervise?
 - (c) What is departmentation? Analysis the bases of departmentation that can be implemented in the manufacturing concern.

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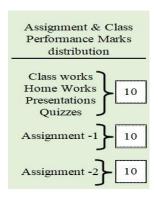
Bangladesh Open University

MBA Program Semester: 201 (1st Level)

Course: Principles of Management

Due on: February 24, 2023

(Assignment is to be presented in own handwriting on A4 size white pages)



- 1. (a) What is motivation? Describe the human factors that are related to motivation.
 - (b) Discuss the assumptions about the people in accordance of Theory X and Theory Y. Give your opinion about the theory which is more appropriate in the context of service rendering organization in Bangladesh.
 - (c) Describe the Two-Factor theory of motivation. Do you find any similarities and dissimilarities between Maslow's motivation theory and Herzberg's motivation theory? Justify your opinion.
- 2. (a) What is meant by leadership? Explain the ingredients of leadership.
 - (b) Graphically discuss the managerial grid as a weapon of leadership styles.
 - (c) Describe the contingency theory of leadership pronounced by Fred E. Fiedler.
- 3. (a) Read the following passage and answer the questions that follow:

Apple Computer, Inc., enjoyed a phenomenal early success after it was founded in 1977 by Steve Wozniak, the technical expert, and Steve Jobs, the marketing genius.

However, success did not last for very long, partly because of the introduction of the IBM Personal Computer. In the early 1980s, in the view of some observers, Apple needed tighter control and a more professional approach to managing. John Sculley was lured from the Pepsi-Cola Company to give apple a new direction.

To bring the company under control, Sculley employed cost-cutting measures to improve its profitability. At the same time, however, research and development expenditures were increased so that the company could remain a technological leader in the field. However, later he was accused of spending enough on research and development and too much on advertising. The firm was also recognized to reduce duplication of efforts, to lower the break-even point, and to reduce friction among the departments. To improve its effectiveness and efficiency, Apple introduced new reporting procedures. Furthermore, considerable efforts were made to control the inventory level, which is the serious problem in the personal computer industry. These measures, combined with a successful strategy (Apple's Macintosh computer is taking inroads into business corporations that are limited by IBM) and helped by the popularity of desktop publishing, resulted in an increase of over 150 percent in earnings in the 1980 fiscal year.

Questions:

- (i) What is the relationship between planning and controlling?
- (ii) What other types of plans can be used for controlling the organization?

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MBA 191/Dr. SA/MBA:1301 Page # 2

Assignment - 1

श्रूल व्यव विज्ञत्त्रप्र

MBA: 1302

Bangladesh Open University

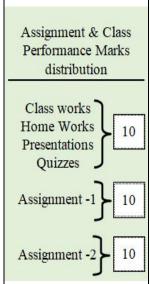
MBA Program Semester: 201 (1st Level)

Course: Principles of Marketing Due on: January 06, 2023

Instructions for Assignment Submission



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Questions

- 1. (a) 'The aim of marketing is to make selling superfluous'- Do you agree with the statement? Explain your logics with examples.
 - (b) As a marketing manager of a multi-national company, you have to select a concept from marketing philosophies and how would you apply this philosophy. Assume that, the company involved in marketing of consumer goods.
 - (c) Discuss the differences among Marketing, Production, Product and Selling concepts.
- 2. (a) Discuss the methods for designing the business portfolio, developing growth strategies, and planning functional strategies.
 - (b) Suppose you are a marketing manager of Square Toiletries Ltd. You want to know the growth opportunities for Sepnil. Explain the alternatives for identifying marketing opportunities.
- 3. (a) Define segmentation. Describe the different ways for effective segmentation.
 - (b) "Demographic and psychographic segmentation factors are the most popular bases for segmenting customers group"- Define the variables of these two segmentation bases regarding Unilever Bangladesh ltd.'s three (3) toilet soap brands; Lux, Dove and Lifebuoy.
 - (c) Briefly discuss the process of marketing analysis.

Note: The assignment must be submitted to the Coordinator of the study center you are attached with.

MBA 201/AAS/MBA:1302 Page # 1

Assignment - 2

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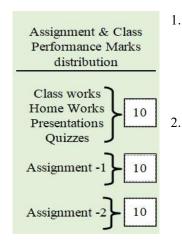
MBA: 1302

Bangladesh Open University

MBA Program Semester: 201 (1st Level)

Course: Principles of Marketing Due on: February 24, 2023

(Assignment is to be presented in own handwriting on A4 size white pages)



- (a) What does a 'market' mean to a marketer?
 - (b) How does time series analysis use for forecasting future demand?
 - (c) What issues will you consider in selecting the right competitive advantage for your restaurant? Discuss with example.
 - (a) Why segments size and growth are considered so carefully by the marketers?
 - (b) Among the three alternative market coverage strategies, which one is suitable for "Square Group of Companies"? Discuss the advantages of your chosen strategy in this case.
 - (c) What issues does "Square Group of Companies "considers in selecting the right competitive advantages? Explain practically.
- 3. (a) Why many people are willing to pay more for branded products than unbranded products? Discuss.
 - (b) "Marketers must concentrate on the whole buying process rather than on just the purchase decision"- Explain the Buyer decision process for purchasing a cell phone.
 - (c) How would you classify products? Discuss the marketing considerations for consumer products.

4. Read the following case carefully and answer the questions that follow:

OTOBI – means forest and is a Bengali word chosen by Late Nitun Kundu, one of the most renowned artist and sculptor and the founder of Otobi Limited". Otobi, the leading furniture manufacturer and retailer in Bangladesh is the most preferred lifestyle solution brand because of its constant innovations, advanced technological expertise, manufacturing capacity in the widest range of furniture categories, largest distribution network and time tested service reputation.

From humble beginnings in 1975 in the corporate furniture realm to the spectacular escalation into the lifestyle giant that it is now, Otobi's story of success spans over four decades. With creative reinvention pulsating through the entire organization, Otobi has integrated the entire furniture solution platform in home, office, industrial and interior design through its operation.

Nitun Kundu, founder and late chairman started this organization with the urge to create products that none other could do. Now Otobi has turned into an institution of creativity and inspiration containing 5,120 members with the same intention as the expert.

With over 0.6 million square feet of captive selling space through its 18 retail showrooms and 288 exclusive dealer outlets, Otobi is continuously expanding its customer base. To aid in the enhanced brand value over time, Otobi has always believed in maintaining long term cooperative ties with each and every customer through captivating customer service and dedicated after sales

Note: The assignment must be submitted to the Coordinator of the study center you are attached with.

MBA 201/AAS/MBA: 1302 Page # 2

service beyond industry standards. With selling outlets comprising of OBI (Other Business Initiatives) and Franchise outlets along with own retail outlets and exclusive dealers, Otobi ensures its brand presence in every district of Bangladesh.

In addition to being a household name for furniture, Otobi's corporate clientele include all the major Banks, Insurance Companies, NGOs, Hotels, Government Institutions, Telecom Companies, and Development Organizations. A total of 500,000 plus square feet of warehouse space is moderating the smooth feeding of products to over 450 countrywide selling hubs of Otobi.

Ouestions:

- (a) Describe the decision- making process followed by Otobi in increasing the length of its product line.
- (b) Discuss the internal factors that affect pricing decisions of Otobi furnitures.
- (c) Describe the functions of distribution channels for Otobi.
- (d) As a consumer, do you want to purchase furniture's from Otobi or Hatil? How do you evaluate Otobi as a brand?

Note: The assignment must be submitted to the Coordinator of the study center you are attached with.

MBA 201/AAS/MBA:1302 Page # 3

MBA 1303

Bangladesh Open University MBA Program

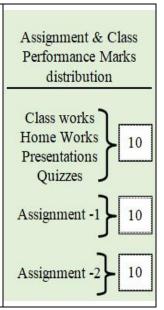
Semester: 201; Level: 1st

Course: Financial Accounting Due on: January 6, 2022

Instructions for Assignment Submission



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Questions

- 1. (a) "Accounting is ingrained in our society and it is vital to our economic system." Do you agree? Explain.
 - (b) In February 2022, Nazmul Islam invested an additional Tk.10,00,000 in his business Nazmul Ltd. Mr. Karim, a mid-level accountant, recorded this receipt as an increase in cash and revenues. Is this treatment appropriate? Why or why not?
 - (c) On August 31, 2022, the statement of financial position of Rimi Veterinary Clinic Ltd. showed Cash Tk.900,000, Accounts Receivable Tk.1,70,000, Supplies Tk.60,000, Equipment Tk.600,000, Accounts Payable Tk.3,60,000, Share Capital—Ordinary Tk.13,00,000, and Retained Earnings Tk.70,000. During September, the following transactions occurred.
 - 1. Paid Tk.2,90,000 cash for accounts payable due.
 - 2. Collected Tk.1,30,000 of accounts receivable.
 - 1. Purchased additional equipment for Tk.2,10,000, paying Tk.80,000 in cash and the balance on account.
 - 3. Recognized revenue of Tk.7,30,000, of which Tk.2,50,000 is collected in cash and the balance is due in October.
 - 4. Declared and paid a Tk.40,000 cash dividend.
 - 5. Paid salaries Tk.1,70,000, rent for September Tk.90,000, and advertising expense Tk.20,000.
 - 6. Incurred utilities expense for month on account Tk.17,000.
 - 7. Received Tk.10,00,000 from BRAC Bank on a 6-month note payable.

Required:

- (i) Prepare a tabular analysis of the September transactions beginning with August 31 balances. The column headings should be as follows: Cash + Accounts Receivable + Supplies + Equipment = Notes Payable + Accounts Payable + Share Capital +Retained Earnings + Revenues - Expenses -Dividends.
- (ii) Prepare an income statement for September, a retained earnings statement for September, and a statement of financial position at September 30, 2022.
- 2. Alamgir Hossain opened Hossain Cleaning Service on July 1, 2021. During July the following transactions Hossain were completed.
 - July 1 Shareholders invested Tk.20,00,000 cash in the business in exchange for ordinary shares.
 - 1 Purchased used truck for Tk.12,00,000, paying Tk.4,00,000 cash and the balance on account.
 - 3 Purchased cleaning supplies for Tk.2,10,000 on account.
 - 5 Paid Tk.3,60,000 cash on one-year insurance policy effective July 1.
 - 12 Billed customers Tk.5,90,000 for cleaning services performed.
 - 18 Paid Tk.1,50,000 cash on amount owed on truck and Tk.1,400 on amount owed oncleaning supplies.
 - 20 Paid Tk.4,50,000 cash for employee salaries.
 - 21 Collected Tk.4,40,000 cash from customers billed on July 12.
 - 25 Billed customers Tk.9,40,000 for cleaning services performed.
 - 31 Paid Tk.40,000 for the monthly gasoline bill for the truck.
 - 31 Declared and paid a Tk.1,20,000 cash dividend.

The chart of accounts for Hossain Cleaning Service contains the following accounts: No. 101 Cash, No. 112 Accounts Receivable, No. 126 Supplies, No. 130 Prepaid Insurance, No. 157 Equipment, No. 158 Accumulated Depreciation—Equipment, No. 201 Accounts Payable, No. 212 Salaries and Wages Payable, No. 311 Share Capital—Ordinary, No. 320 Retained Earnings, No. 332 Dividends, No. 350 Income Summary, No. 400 Service Revenue, No. 633 Gasoline Expense, No. 631 Supplies Expense, No. 711 Depreciation Expense, No. 722 Insurance Expense, and No. 726 Salaries and Wages Expense.

Required:

- (a) Journalize and post the July transactions.
- (b) Prepare an unadjusted trial balance at July 31, 2021.
- (c) From the adjustments, give journal entries and make adjusted trial balance at July 31
 - (i) Services performed but unbilled and uncollected at July 31 were Tk.3,30,000.
 - (ii) Depreciation on equipment for the month was Tk.50,000.
 - (iii) One-twelfth of the insurance expired.
 - (iv) An inventory count shows Tk.56,000 of cleaning supplies on hand at July 31.
 - (v) Accrued but unpaid employee salaries were Tk.2,20,000.
- (d) Considering the adjusted trial balance, prepare an income statement and an owner's equity statement for July and a balance sheet at July 31, 2021.

- 3. (a) Information related to Hayder Co., Ltd. is presented below.
 - April 5 Purchased merchandise from Iqbal Company, Ltd. for Tk.25,00,000, terms 2/10, net/30, FOB shipping point.
 - 6 Paid freight costs of Tk.90,000 on merchandise purchased from Iqbal.
 - 7 Purchased equipment on account for Tk.26,00,000.
 - 8 Returned damaged merchandise to Iqbal and was granted a Tk.2,60,000 credit for returned merchandise.
 - 15 Paid the amount due to Igbal in full.

Required:

- (i) Prepare the journal entries to record these transactions on the books of Hayder Co. Ltd. under a perpetual inventory system.
- (ii) Assume that Hayder Co., Ltd. paid the balance due to Iqbal Company, Ltd. on May 4 instead of April 15. Prepare the journal entry to record this payment.
- (b) Shawon Company, Ltd. had a beginning inventory of 400 units of Product Kimbo at a cost of Tk. 800 per unit. During the year, purchases were:

Feb. 20, 200 units at Tk.900 Aug. 12, 600 units at Tk. 1,100 May 5, 500 units at Tk.1,000 Dec. 8, 300 units at Tk. 1,200

Shawon Company uses a periodic inventory system. Sales totaled 1,500 units.

Required:

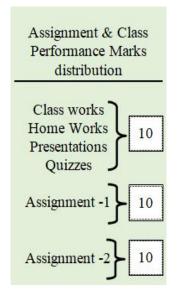
- (i) Determine the cost of goods available for sale.
- (ii) Determine the ending inventory and the cost of goods sold under the two assumed cost flow methods (FIFO and average cost). Prove the accuracy of the cost of goods sold under the FIFO and average-cost methods.
- (iii) Which cost flow method results in the lower ending inventory amount for the statement of financial position, and the lower cost of goods sold for the income statement?

Due on: February 24, 2023

Bangladesh Open University MBA Program

Semester: 201; Level: 1st

Course: Financial Accounting



- 1. (a) Distinguish between long-term investments and property, plant, and equipment.
 - (b) Maasoodee Khan Company purchased a new machine on October 1, 2019, at a cost of Tk. 96,000. The company estimated that the machine will have a residual value of Tk.12,000. The machine is expected to be used for 10,000 working hours during its 5-year life.

Required:

Compute the depreciation expense under the following methods for the year indicated.

- (i) Straight-line for 2019.
- (ii) Units-of-activity for 2019, assuming machine usage was 1,700 hours.
- (iii) Declining balance using double the straightline rate for 2019 and 2020.
- 2. (a) The corporate charter of Mamun Ltd. allows the issuance of a maximum of 100,000 ordinary shares. During its first two years of operations, Mamun sold 70,000 shares and reacquired 7,000 of these shares. After these transactions, how many shares are authorized, issued, and outstanding?
 - (b) Welles plc was organized on January 1, 2020. It is authorized to issue 20,000 6%, Tk.4,000 par value preference shares, and 500,000 no-par ordinary shares with a stated value of Tk.100 per share. The following share transactions were completed during the first year.
 - Jan.10 Issued 74,000 ordinary shares for cash at Tk.300 per share.
 - Mar.1 Issued 10,000 preference shares for cash at Tk.4,300 per share.
 - Apr.1 Issued 25,000 ordinary shares for land. The asking price of the land was Tk.90,00,000. The company's estimate of fair value of the land was Tk.75,00,000.
 - May 1 Issued 75,000 ordinary shares for cash at Tk.400 per share.
 - Aug.1 Issued 10,000 ordinary shares to attorneys in payment of their bill for Tk.44,00,000 for services performed in helping the company organize.
 - Sept.1 Issued 5,000 ordinary shares for cash at Tk.600 per share.

Nov.1 Issued 2,000 preference shares for cash at Tk.4,500 per share.

Required:

- (i) Journalize the transactions.
- (ii) Post to the equity accounts. (Use J1 as the posting reference.)
- (iii) Prepare the share capital section of the statement of financial position at December 31, 2020.

- 3. (a) Why is it important to disclose certain non-cash transactions? How should they be disclosed?
 - (b) The trial balance of Ahasan Ltd. at December 31, 2021, is as follows: Trial Balance

As of December 31, 2021

As of December 31, 2021				
Debit	Credit			
Tk.225,000				
755,000				
	Tk.12,000			
	20,000			
	1,260,000			
70,000				
17,500				
31,000				
4,000				
40,000				
100,000				
10,500				
170,000				
410,000				
	80,000			
106,500				
	26,500			
	95,000			
	806,000			
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23,000	150,000			
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1 K. 2,449,500	Tk. 2,449,500			
	Debit Tk.225,000 755,000 755,000 70,000 17,500 31,000 4,000 40,000 100,000 10,500 170,000			

The following information is available at December 31:

- Merchandise inventory Tk.225,000.
- Office Supplies on hand Tk.1,000.
- Prepaid insurance Tk.7,000.
- Depreciate building @15% per annum and Office equipment @ 17.5% per annum.
- Outstanding sales salaries Tk.2,500 and office salaries Tk.2,000.

Required:

- (i) Prepare a classified income statement for year ended December 31, 2021. Of the insurance expense, postage & telephone expenses, and depreciation expenses on building, 75% is treated as selling expense and 25% is treated as administrative expenses.
- (ii) Prepare a classified balance sheet at December 31, 2021.

श्रूल वर विजलप्र

Bangladesh Open University

MBA Program Semester: 201 (1st Level)

Course: Business Communication

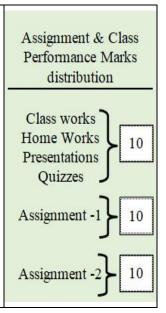
Due on: January 06, 2023

MBA: 1305

Instructions for Assignment Submission



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Questions

- 1.1 What are the broad types of barriers to communication? Give an example from your own workplace where you need to communicate with your colleagues. What are the types of noise you experience while communicating with your subordinates?
- 1.2 Imagine you have been assigned the task of creating a job description. Identify a job, locate at least two sample job descriptions, and create one. Identify what degree communication skills play a role in the tasks or duties you have included.
- 1.3 Suppose, you went to a doctor to consult one of your physical illnesses. Doctor explained everything by using medical terminologies which was unknown to you.
 - i) Do you think that doctor is a good communicator? Justify your answer?
 - ii) Is there any noise occurred in the communication between doctor and you? Explain.
- 1.4 What is perception? How does perception affect communication process? Suppose, your company declared 2 vacancies in the managerial positions. In the selection board, your focus was on the level of knowledge of candidate, previous experience, family background and life history. Why are experience, family background and life history critical for a managerial position? Do you think these elements got any connection with communication? Explain.
- 1.5 What are the strengths of non-verbal communication? Suppose, a Chinese team came to visit some historical places in Bangladesh. If they don't have any interpreter with them, how effective their visit will be? How they will communicate with local people here? Explain.
- 1.6 "It is believed that no-verbal communication is universal, whereas verbal communication location specific" do you agree? Justify your answer.

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MBA 201/MAK/MBA:1305 Page # 1



MBA: 1305

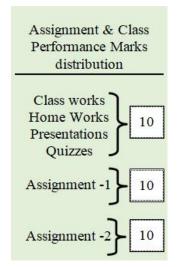
Bangladesh Open University

MBA Program Semester: 201 (1st Level)

Course: Business Communication

Due on: February 24, 2023

(Assignment is to be presented in own handwriting on A4 size white pages)



- 2.1 Mention categorically the purposes of using Biodata, CV, Resume, Profile and Portfolio.
- 2.2 Look at the cases in the following table and identify the type of document [CV, Biodata, Resume, Profile and Portfolio] you are supposed to share against each of the cases:

Cases	Document to be shared
Marriage	
Admission at waterloo university	
Employment at MNC Limited	
Showcasing the products of your company	
Showcasing your abilities to potential	
employers	

2.3 What are the key things you must consider to make your presentation meaningful? Look at the following presentation types, audience and identify the key factors you need to consider against each of the presentation types:

Presentation style	Audience type	Key factors to be considered
Individual presentation	Teachers and students	
Group presentation	Participants in an international conference	
Individual presentation	Foreign buyers from China	
Individual presentation	Selection committee for an executive position (marketing)	

- 2.4 Give examples of social media. Explain the positive and negative contribution of social media in our social and institutional life.
- 2.5 What do you mean by digital footprint? Explain its impact on our personal and organisational life.
- 2.6 What is communication ethics? Describe the effect of social media on ethical values.

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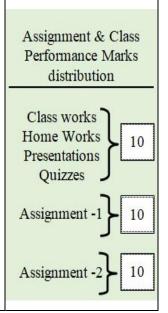
MBA 201/MAK/MBA:1305 Page # 2

Bangladesh Open University MBA Program Semester: 201 (1st Level)

Course Title: Fundamentals of Financial Management Due on: January 06, 2023

Instructions for Assignment Submission

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Questions

- 1. (a) Define finance. Explain the basic principles of finance.
 - (b) Examine the relationship between firm's major financial decisions with the help of a chart.
- 2. (a) Explain the graphic views of the (i) compounding process and (ii) discounting process.
 - (b) Find the future value of Taka 15,000 in case of annuity due and ordinary annuity under the following conditions:
 - i. 12 percent interest rate, compounded annually, discounted back 10 years;
 - ii. 12 percent interest rate, semiannually compounding, discounted back 10 years;
 - (c) Joan Messineo borrowed Tk.15,000 at a 14% annual rate of interest to be repaid over 3 years. The loan is amortized into three equal, annual, end-of-year payments.
 - i. Calculate the annual, end-of-year loan payment.
 - ii. Prepare a loan amortization schedule showing the interest and principal breakdown of each of the three loan payments.
 - iii. Explain why the interest portion of each payment declines with the passage of time.

3. The East Company and the West Company have the following probability distribution of returns:

Economic Conditions	Duohohility	Returns (%)		
Economic Conditions	Probability East		West	
High growth	0.1	32	30	
Normal growth	0.2	20	17	
Slow growth	0.4	14	6	
Stagnation	0.2	-5	-12	
Decline	0.1	-10	-16	

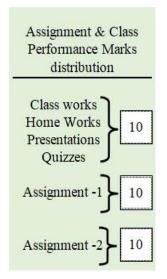
- i. Calculate the expected return of the companies. Which provides the largest expected return?
- ii. Calculate the standard deviation of return for each company. Which appears to have the greatest risk?
- iii. Calculate the coefficient of variation, CV, for each company.. Which appears to have the greatest relative risk?



Bangladesh Open University MBA Program Semester: 201 (1st Level)

Course Title: Fundamentals of Financial Management Due on: February 24, 2023

(Assignment is to be presented in own handwriting on A4 size white pages)



2.1 While preparing a project report on behalf of client you have collected the following facts. Estimate the net working capital required for that project. Add 10% to your computed figure to allow for contingencies.

	Amount per unit (Tk.)
Estimated cost per unit of production is:	
Raw material	42.4
Direct labor	15.9
Overheads (exclusive of	31.8
depreciation)	
Total cost	90.1
	Amount per unit (Tk.)
Additional information:	
Selling price	<u>Tk. 106</u>
Level of activity	1,00,000units of
	production annually
Raw material in stock	Average 4 weeks
Work in progress (50% completion)	Average 2 weeks
Finished goods in stock	Average 4 weeks
Credit allowed by suppliers	Average 4 weeks
Credit allowed to debtors	Average 8 weeks
Lag in payment of wages	Average 1.5 weeks
Cash at bank (expected)	1,25,000

Assume that all sales are on credit.

- 2. What are the components of capital market? Discuss each of them.
- 3. The earnings of a company have been growing at 15 percent over the past several years and are expected to increase at this rate for the next seven years and thereafter, at 9 percent in perpetuity. It is currently earning Tk. 4 per share and paying Tk. 2 per share as dividend. What shall be the present value of the share with a discount rate of 12 percent for the first seven years and 10 percent thereafter?
- 4. The Salem Company bond currently sells for Tk.955, has a 12% coupon interest rate and a Tk.1,000 par value, pays interest annually, and has 15 years to maturity.
 - i. Calculate the yield to maturity (YTM) on this bond.
 - ii. Explain the relationship that exists between the coupon interest rate and yield to maturity and the par value and market value of a bond.

5. Case Study: Calculation of WACC

Dillon Labs has asked its financial manager to measure the cost of each specific type of capital as well as the weighted average cost of capital. The weighted average cost is to be measured by using the following weights: 40% long-term debt, 10% preferred stock, and 50% common stock equity (retained earnings, new common stock, or both). The firm's tax rate is 40%.

Debt The firm can sell for \$980 a 10-year, \$1,000-par-value bond paying annual interest at a 10% coupon rate. A flotation cost of 3% of the par value is required in addition to the discount of \$20 per bond.

Preferred stock Eight percent (annual dividend) preferred stock having a par value of \$100 can be sold for \$65. An additional fee of \$2 per share must be paid to the underwriters.

Common stock The firm's common stock is currently selling for \$50 per share. The dividend expected to be paid at the end of the coming year (2013) is \$4. Its dividend payments, which have been approximately 60% of earnings per share in each of the past 5 years, were as shown in the following table.

Year	2012	2011	2010	2009	2008
Dividend	\$3.75	3.50	3.30	3.15	2.85

It is expected that to attract buyers, new common stock must be underpriced \$5 per share, and the firm must also pay \$3 per share in flotation costs. Dividend payments are expected to continue at 60% of earnings. (Assume that rr = rs.)

a. Calculate the after-tax cost of debt; b. Calculate the cost of preferred stock; c. Calculate the cost of common stock; d. Calculate the WACC for Dillon Labs.