

Bangladesh Open University
BBA Program
 Semester: 202 (8th Level)

Course Title: Financial Statements Analysis

Date: November 25, 2022

Instructions

- Answer 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) How do the direct and the indirect methods differ in their approach to computing the net cash provided by operating activities?
- (b) Assume that a company repays a Tk. 300,000 loan from its bank and then later in the same year borrows Tk. 500,000. What amount(s) would appear on the statement of cash flows?
- (c) The income statement for the year ended December 31, 2021, for Anis Manufacturing Company contains the following condensed information.

ANIS MANUFACTURING COMPANY
 Income Statement
 For the Year Ended December 31, 2021

Revenues		Tk.6,583,000
Operating expenses (excluding depreciation)	Tk.4,920,000	
Depreciation expense	<u>880,000</u>	<u>5,800,000</u>
Income before income taxes		783,000
Income tax expense		<u>353,000</u>
Net income		<u>Tk. 430,000</u>

Included in operating expenses is a Tk.24,000 loss resulting from the sale of machinery for Tk.270,000 cash. Machinery was purchased at a cost of Tk.750,000.

The following balances are reported on Anis's comparative balance sheets at December 31:

ANIS MANUFACTURING COMPANY
 Comparative Balance Sheets (partial)

	<u>2021</u>	<u>2020</u>
Cash	Tk.672,000	Tk.130,000
Accounts receivable	775,000	610,000
Inventories	834,000	867,000
Accounts payable	521,000	501,000

Income tax expense of Tk.353,000 represents the amount paid in 2021. Dividends declared and paid in 2021 totaled Tk.200,000.

Required

Prepare the statement of cash flows using the indirect method.

2. (a) A company seeking a line of credit at a bank was turned down. Among other things, the bank stated that the company's 2 to 1 current ratio was not adequate. Give reasons why a 2 to 1 current ratio might not be adequate.
- (b) The financial statements for Castile Products, Inc. are given below:

Castile Products, Inc.

Balance Sheet

December 31

Assets

Current assets:	
Cash	Tk. 6,500
Accounts receivable, net	35,000
Merchandise inventory	70,000
Prepaid expenses	<u>3,500</u>
Total current assets	115,000
Property and equipment, net	<u>185,000</u>
Total assets	<u>Tk. 300,000</u>

Liabilities and Stockholders' Equity

Liabilities:	
Current liabilities	Tk. 50,000
Bonds payable, 10%	<u>80,000</u>
Total liabilities	<u>130,000</u>
Stockholders' equity:	
Common stock, Tk. 50 par value	Tk. 30,000
Retained earnings	<u>140,000</u>
Total stockholders' equity	<u>170,000</u>
Total liabilities and equity	<u>Tk. 300,000</u>

Castile Products, Inc.

Income Statement

For the Year Ended December 31

Sales	Tk. 420,000
Cost of goods sold	<u>292,500</u>
Gross margin	127,500
Selling and administration expenses	<u>89,500</u>
Net operating income	38,000
Interest expense	<u>8,000</u>
Net income before taxes	30,000
Income taxes (30%)	<u>9,000</u>
Net income	<u>Tk. 21,000</u>

Account balances at the beginning of the year were: accounts receivable, Tk. 25,000, and inventory, Tk.60,000. All sales were on account

Required:

Compute the following:

- (i) Gross margin percentage

- (ii) Current ratio
 - (iii) Acid-test ratio
 - (iv) Debt-to-equity ratio
 - (v) Average collection period
 - (vi) Average sale period
 - (vii) Times interest earned ratio
 - (viii) Book value per share.
3. (a) When a lease is considered an operating lease for both the lessor and the lessee, describe what amounts will be found on the balance sheets of both the lessor and the lessee related to the lease obligation and the leased asset.
- (b) On January 1, Year 8, Apex Company entered into two noncancellable leases of new machines for use in its manufacturing operations. The first lease does not contain a bargain purchase option and the lease term is equal to 80% of the estimated economic life of the machine. The second lease contains a bargain purchase option and the lease term is equal to 50% of the estimated economic life of the machine.

Required:

- (i) Explain the justification for requiring lessees to capitalize certain long-term leases. Do not limit your discussion to the specific criteria for classifying a lease as a capital lease.
- (ii) Describe how a lessee accounts for a capital lease at inception.
- (iii) Explain how a lessee records each minimum lease payment for a capital lease.
- (iv) Explain how Apex should classify each of the two leases. Provide justification.

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1. (a) Discuss the significance of the operating cycle to the classification of current versus noncurrent items in a balance sheet. Cite examples.
- (b) Sports Biz, a profitable company, built and equipped a Tk. 2,000,000 plant brought into operation early in Year 1. Earnings of the company (before depreciation on the new plant and before income taxes) are projected at Tk. 1,500,000 in Year 1, Tk. 2,000,000 in Year 2, Tk. 2,500,000 in Year 3, Tk. 3,000,000 in Year 4, and Tk. 3,500,000 in Year 5. The company can use straight-line, double-declining-balance, or sum-of-the-years'-digits depreciation for the new plant. Assume the plant's useful life is 10 years (with no salvage value) and an income tax rate of 50%.

Required:

Compute the separate effect that each of these three methods of depreciation would have on:

- (i) Depreciation
 - (ii) Income taxes
 - (iii) Net income
 - (iv) Cash flow (assumed equal to net income before depreciation)
2. (a) Describe the accounting treatment for speculative derivatives.
 - (b) Cited here are four unrelated cases involving marketable equity securities:
 - (i) A noncurrent portfolio of available-for-sale equity securities with an aggregate market value in excess of cost; includes one particular security whose market value has declined to less than one-half of the original cost.
 - (ii) The balance sheet of a company does not classify assets and liabilities as current and noncurrent. The portfolio of available-for-sale equity securities includes securities normally considered current that have a net cost in excess of market value of Tk. 2,000. The remainder of the portfolio has a net market value in excess of cost of Tk. 5,000.

- (iii) An available-for-sale marketable equity security, whose market value is currently less than cost, is classified as noncurrent but is to be reclassified as current.
- (iv) A company's noncurrent portfolio of marketable equity securities consists of the common stock of one company. At the end of the prior year, the market value of the security was 50% of original cost, and this effect was properly reflected in a Valuation Adjustment account. However, at the end of the current year, the market value of the security had appreciated to twice the original cost. The security is still considered noncurrent at year-end.

Required:

For each of the cases, describe how the information provided affects the classification, carrying value, and income reported for that company's investment securities.

- 3. (a) Describe aspects of revenue recognition that an analyst must be especially alert to.
- (b) An analyst must be familiar with the concepts involved in determining income. The amount of income reported for a company depends on the recognition of revenues and expenses for a given time period. In certain cases, costs are recognized as expenses at the time of product sale; in other situations, guidelines are applied in capitalizing costs and recognizing them as expenses in future periods.

Required:


- (i) Explain the rationale for recognizing costs as expenses at the time of product sale.
- (ii) What is the rationale underlying the appropriateness of treating costs as expenses of a period instead of assigning the costs to an asset? Explain.
- (iii) Under what circumstances is it appropriate to treat a cost as an asset instead of as an expense? Explain.
- (iv) Certain expenses are assigned to specific accounting periods on the basis of systematic and rational allocation of asset cost. Explain the underlying rationale for recognizing expenses on this basis.
- (v) Identify the conditions necessary to treat a cost as a loss.


Bangladesh Open University
 BBA Program
 Semester: 202

Course: International Economics

Date: November 25, 2022

Instructions for Assignment Submission

	<ol style="list-style-type: none"> 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. 4. Spiral binding must be avoided. Instead, transparent folder or file cover or any other soft binding may be used. 5. Contact e-mail address & Cell Phone and Land Phone numbers must be written on the cover page clearly. If your e-mail address is not yet added to our e-mail list, please send a mail to the coordinator of your study center with subject "Add Me". 6. In the case of delayed submission, the School will not acknowledge the submission of the assignment(s) and will not be responsible for any damage or loss of the assignment(s). 7. If it is noticed that your assignment is copied from another student's assignment, your assignment will be cancelled automatically. 	<p style="text-align: center;">Assignment & Class Performance Marks distribution</p> <hr/>				
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Assignment -2	}	10				


- 1.1. Define international trade? What are the benefits of trade? How does trade influence Bangladesh economy? Critically explain.
- 1.2. What are the alternative options for trade controls? How does trade control linked with the foreign reserve? What may be the consequence of trade control over Bangladesh economy?
- 1.3. Why a country imports goods from other countries? Do you think import matters to country like Bangladesh? What are major import items of Bangladesh in post-covid context?
- 1.4. Mention the types of exchange rate regimes. What regime currently exists in Bangladesh? How does rise in dollar price influence our economy?


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- 2.1. Write a short story on the role of trade policies in export promotion in Bangladesh? What are the major changes happened in policy focuses since independence?
- 2.2. What are the trends in Balance of Payments (BoP) of Bangladesh since independence? Explain the impact of FDI on the BoP of Bangladesh.
- 2.3. Explain the pattern of foreign reserve in Bangladesh. Describe the role of remittances in foreign reserve fluctuations of Bangladesh.
- 2.4. Record 2 videos as per the following instructions and upload them into your YouTube channel and share the LINK and QR code on the assignment:
 - 2.4.1. 5 minute-video on the bad effects of Russia-Ukraine war on our economy
 - 2.4.2. 5 minute-video on the impact of Covid-19 on the trade balance of Bangladesh.

Bangladesh Open University
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Semester: 202 (8th Level-Finance)

Course Title: Bank Management

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Questions

1. (a) Discuss the concept of Bank Management. How Covid 19 pandemic situation affects banking sector of Bangladesh?
(b) Discuss the techniques followed by the Bangladesh Bank as a regulatory authority to control the activities of commercial banks in Bangladesh.
(c) What are the different kinds of banks operating in Bangladesh? Describe all.
2. (a) Discuss the Indicators of a Failed Bank. Discuss the quantitative models for bank failure.
(b) Do you think bank directors are liable for all activities of a bank? Why or why not?
(c) To what extent board of directors and bank management are related? Explain your answer.
3. (a) What guidelines should management keep in mind when it manages a banks liquidity position?
(b) Discuss different types of bank deposit. what factors influences in determining level of deposits in a bank.
(c) What capital is important for banking institutions? What role capital plays in bank? Discuss different types of capital.

Bangladesh Open University
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Semester: 202 (8th Level-Finance)

Course Title: Bank Management

Date: December 23, 2022

1. (a) Explain why you agree or disagree with the following statement: “Liquidity and Profitability are two contradictory concepts”.
- (b) Discuss the functions secondary reserve.
- (c) Differentiate between primary reserve and secondary reserve.

2. (a) Discuss the relationship liquidity and profitability. Give example.
- (b) Differentiate between anticipated income theory and liability management theory.
- (c) Discuss liquidity management theories for banks.

3. (a) What is meant by loan? Differentiate between loan and investment.
- (b) What risks are associated with bank lending in Bangladesh? Describe.
- (c) What financial ratios used for credit analysis? Discuss.
- (d) Discuss the risks associated with e-banking in Bangladesh

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Questions

1. (a) Why more standardized product specifications across countries can increase global competition? Explain.
(b) Do you think the acquisition of a foreign firm or licensing will result in greater growth for an MNC? Which alternative is likely to have more risk?
(c) What factors cause some firms to become more internationalized than others? Describe your opinion on why the Internet may result in more international business.
2. (a) Explain how the Russia-Ukraine war affected trade between the United States and Asia.
(b) How would a relatively high home inflation rate affect the home country's current account, other things being equal?
(c) Is a negative current account harmful to a country? What do you think? Discuss.
(d) How can government restrictions affect international payments among countries? Discuss with example.
3. (a) How international capital flows are influenced by country characteristics?
(b) It is sometimes suggested that a floating exchange rate will adjust to reduce or eliminate any current account deficit. Explain why this adjustment would occur.
(c) How is the IMF involved in international trade? Explain.

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1. (a) What is the expected relationship between the relative real interest rates of two countries and the exchange rate of their currencies?
(b) Why do you think most crises in countries (such as the Asian crisis) cause the local currency to weaken abruptly? Is it because of trade or capital flows?
(c) Explain the concept of interest rate parity. Provide the rationale for its possible existence.
2. (a) Explain how you could determine whether purchasing power parity (PPP) exists. Describe a limitation in testing whether PPP holds.
(b) Japan has typically had lower inflation than the United States. How would one expect this to affect the Japanese yen's value? Why does this expected relationship not always occur?
(c) 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?
3. (a) Explain the fundamental technique for forecasting exchange rates. What are some limitations of using a fundamental technique to forecast exchange rates?
(b) How to assess performance in forecasting exchange rates. Explain how to detect a bias in forecasting exchange rates? Explain.
(c) What factors affect a firm's degree of translation exposure? Explain how each factor influences translation exposure.
4. (a) Why are the cash flows of a purely domestic firm exposed to exchange rate fluctuations? Discuss.
(b) Why might a firm use a "local" capital structure at a particular subsidiary that differs substantially from its "global" capital structure?
(c) Explain why managers of a wholly owned subsidiary may be more likely to satisfy the shareholders of the MNC.