

**Bangladesh Open University**  
**MBA Program**  
**Semester: 191 (3<sup>rd</sup> Level)**

**Course: Management Accounting**

**Due on: September 10, 2021**

**Instructions**

- **Answer all the questions in your own handwriting on A4 size white paper.**
- **Write your Student ID No. on each of the pages of your assignments.**
- **Take a snap or scan your written assignment pages and convert them into one PDF file before uploading into the LMS.**

**Questions**

1. (a) What is management accounting? State the major areas for which management needs information from accounting.
- (b) What do you mean by conceptual foundation of management accounting?
- (c) What are the various concepts borrowed by management accounting from other discipline?

2. (a) Differentiate among costs, expenses and losses. Classify costs on the basis of their nature.

- (b) Following particulars have been taken from the books of Shrabon (Pvt.) Limited:

Purchase of raw materials	Tk. 30,000
Traveling expenses	2,000
Travelers' salary and commission	1,000
Direct labor	4,000
Depreciation of plant & machinery	3,500
Depreciation of office furniture	4,000
Directors' salary (50% office, 50% production)	10,000
Oil, gas and fuel	7,200
Manager's salary (75% office, 25% production)	20,000
General expenses	8,700
Salary of drawing office staff	10,300
Carriage inward	2,800
Carriage outward	2,500
Rent, rates and taxes (office)	4,600
Rent, rates and taxes (production)	6,400
Workers' salary (factory)	10,500
Indirect materials	1,200
Indirect labor	2,100
Advertisement expenses	10,000
Bad debt expense	2,700
Inventory of raw materials (beginning)	10,500
Inventory of raw materials (ending)	3,800
Inventory of finished goods (beginning)	8,400
Inventory of finished goods (ending)	9,200
Sales	2,00,000

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

**Required:**

- (i) Prepare the Statement of cost of goods manufactured;
- (ii) Prepare Statement of cost of goods sold; and
- (iii) Prepare Income statement for the year ended December 31, 2013

3. Something New is a small one-person company that provides elaborate and imaginative wedding cakes to order for very large wedding receptions. The owner of the company would like to understand the cost structure of the company and has compiled the following records of activity and costs incurred. The owner believes that the number of weddings catered is the best measure of activity.

<i>Month</i>	<i>Weddings</i>	<i>Costs Incurred</i>
January	3	Tk3,800
February	2	Tk3,600
March	6	Tk4,000
April	9	Tk4,300
May	12	Tk4,500
June	20	Tk5,200

**Required:**

- a. Using the high-low method, estimate the variable cost per wedding and the total fixed cost per month. (Round off the variable cost per wedding to the nearest paisa and the total fixed cost to the nearest taka.
  - b. Using the least-squares regression method, estimate the variable cost per wedding and the total fixed cost per month. (Round off the variable cost per wedding to the nearest paisa and the total fixed cost to the nearest taka.
4. (a) "A break-even chart must be interpreted in the light of the limitations of its underlying assumptions". Discuss.
- (b) The Campus Barber Shop employs four barbers. One Barber, who also serves as the manager, is paid a salary of Tk.1,200 per month. The other barbers are paid Tk.1,000 per month. In addition, each barber is paid a commission of Tk.4 per haircut, depreciation on equipment Tk.500, barber supplies 40 paisa per haircut, utilities Tk.300, and advertising Tk.200. The price of a haircut is Tk.10. Shop rent has two components: (i) Tk.800 per month fixed and (ii) Tk.0.60 per hair cut.

**Required:**

- (i) Determine the variable cost per haircut and the total monthly fixed costs.
- (ii) Compute the break-even point in units and takas.
- (iii) Prepare a CVP graph, assuming a maximum of 1800 haircuts in a month. Use increments of 300 haircuts on the horizontal axis and in 3,000 increments on the vertical axis.
- (iv) Determine the net income, assuming 1,400 haircuts are given in a month.

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**Course: Management Accounting**

**Due on: October 10 , 2021**

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

1. (a) Describe briefly three different types of Standards which may be used as the basis for a standard costing system.

(b) The machine shop of a factory using flexible budgetary control has budget for April, 2018 of :

Budgeted machine hours	10,000 hours
Budgeted overheads:	
Variable with machine time	Tk. 6,000
Variable with output	Tk. 4,000
Fixed	Tk. 5,000

The actual performance and cost details for the month are :

Machine hours worked	9,500 hours
Standard hours produced	10,200 hours
Overheads varying with time	Tk. 6,400
Overheads varying with output	Tk. 5,200

**Required:**

Present the above details analyzing the variances for information of the top management.

2. (a) "The beauty of the zero base budgeting lies in the fact that decision unit managers take decisions regarding their budgets, without taking away the right of top authority to make budget allocation. Explain the paradox in the statement.

(b) Beasley Company's budget committee provides the following information:

December 31, 2017, account balances:		
Cash		Tk. 32,000
Accounts Receivable		19,000
Merchandise Inventory		16,000
Accounts Payable		15,000
Salaries and Commissions Payable		2,900
Budgeted amounts for 2018:		
	January	February
Sales, all on account	Tk. 84,000	Tk. 84,400

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Purchases, all on account	41,000	41,600
Commissions Expense	4,200	4,220
Salaries Expense	5,000	5,000
Rent Expense	2,200	2,200
Depreciation Expense	500	500
Insurance Expense	200	200
Income Tax Expense	1,900	1,900

**Required:**

- (i) Prepare the schedule of cash receipts from customers for January and February 2018. Assume cash receipts are 80% in the month of the sale and 20% in the month following the sale.
  - (ii) Prepare the schedule of cash payments for purchases for January and February 2018. Assume purchases are paid 70% in the month of purchase and 30% in the month following the purchase.
  - (iii) Prepare the schedule of cash payments for selling and administrative expense for January and February 2018. Assume 25% of the accrual for Salaries and Commissions Payable is for commissions and 75% is for salaries. The December 31 balance will be paid in January. Salaries and commissions are paid 70% in the month incurred and 30% in the following month. Rent and income tax expenses are paid as incurred. Insurance expense is an expiration of the prepaid amount.
  - (iv) Prepare the cash budget for January and February. Assume no financing took place.
3. (a) Differentiate between a 'Cash Flow Statement' and a 'Funds Flow Statement'.  
 (b) The financial statements of Earnest Company appear below:

**Earnest Company  
Comparative Balance Sheets  
December 31, 2019**

<i>Assets</i>	<b>2019</b>	<b>2018</b>
Cash	Tk.23,000	Tk.13,000
Accounts Receivable	24,000	33,000
Merchandise Inventory	20,000	27,000
Prepaid Expenses	20,000	13,000
Land	40,000	40,000
Property, Plant & Equipment	2,00,000	2,25,000
Less: Accumulated Depreciation	(50,000)	(67,500)
<b>Total</b>	<b>Tk.2,77,000</b>	<b>Tk.2,83,500</b>
<i>Liabilities and Stockholder's Equity</i>		
Accounts Payable	Tk.9,500	Tk.18,500
Accrued Expenses Payable	9,500	7,500
Interest Payable	1,000	1,500
Income taxes Payable	3,000	2,000
Bonds Payable	50,000	80,000
Common Stock	1,23,000	105,000
Retained Earnings	81,000	69,000

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<b>Total</b>	<b>Tk.2,77,000</b>	<b>Tk.2,83,500</b>
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**Earnest Company**  
**Income Statement**  
*For the Year Ended December 31, 2019*

Revenues:		
Sales	Tk. 600,000	
Gain on sale of plant assets	2,500	
		Tk.6,02,500
Less Expenses:		
Cost of goods sold	500,000	
Operating expenses except depreciation	60,000	
Depreciation expenses	7,500	
Interest expenses	5,000	
Income tax expenses	9,000	
		Tk. 5,81,500
Net Income		21,000

***Additional Information:***

- (i) Plant assets were sold at a sales price of Tk.62,500.
- (ii) Additional equipment was purchased at a cost of Tk.60,000.
- (iii) Dividends of Tk.8,500 were paid.
- (iv) All sales and purchases were on account.
- (v) Bonds were redeemed at face value.
- (vi) Additional shares of stock were sold for cash.

***Required:***

Prepare a Statement of cash flow of the Earnest Company for the year 2019 using indirect method.

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Bangladesh Open University  
MBA Program  
Semester: 191 (3<sup>rd</sup> Level)

Course: Marketing Management

Due on: September 10, 2021

**Instructions**

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**Questions**

1. (a) Why marketing managers think that ‘marketing is the art of selling products’. Do you believe that it is only involved with selling? Justify your assumption.  
(b) How Bangladesh Open University operates the core marketing concepts? Discuss the MBA program regarding this concept of your university.  
(c) Among the marketing management orientations and concepts, which one you believe is most suitable and why?
2. (a) How the value chain and the core competencies are related to the value delivery process in any organization? Explain this regarding the holistic marketing orientation concept.  
(b) Suppose, you are the marketing manager of a renowned superstore “All in One” company in Bangladesh that wants to develop its corporate and divisional strategic planning. Provide the phases of planning activity regarding this company.  
(c) Adding to question B if your superstore company wants to open a new showroom in the Dhanmondi area in Dhaka city, how you can identify new marketing opportunities for your company? Explain this issue approaching SWOT analysis.
3. (a) How any shoe marketer targeting male teenagers aged 12 to 16 can apply a demographic base of segmentation? Justify the rationales of this segmentation base.  
(b) Why behavioral segmentation is so sustainable in the modern world? What reasons will you find out?  
(c) Assume, the ‘Samsung’ brand trying to evaluate and select their target market

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segments. Regarding their several types of cell phone brands, how they can differentiate between mass marketing concepts and niche marketing concepts? Discuss practically.

4. (a) If any new telecom operator wishes to start their business in Bangladesh, how 'Porter's five forces' can be applied to identify their competitive forces? Elaborate with a figure relating to this new telecom operator.
- (b) Recently, a public portal announced that 'Facebook' is the market leader which is globally occupying 2.85 billion monthly active users. Now, explain what are the competitive strategy of 'Facebook' as a market leader in social networking sites.
- (c) Assume, School of Business of Bangladesh Open University wants to initiate a new diploma program 'Supply chain marketing (SCM)' which is specially designed for students aged above 30. How and why market niche strategies can be applied for such programs in the school of business?

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**Bangladesh Open University**  
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**Course: Marketing Management**

**Due on: October 10, 2021**

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

1. (a) Take for example these products; shampoo, mobile phone, motorbike, and life insurance. Classify these four types of products within the types of consumer goods and define their characteristics when you purchase them.  
(b) Is there is any difference between product and brand? Specify the product-mix pricing strategies and discuss the strategies regarding various products of ‘Vision Electronics’ company in Bangladesh.  
(c) ‘Perishable products such as, milk, meat and medicines need to be well-packaged and, perfectly labeled’- Do you agree or disagree with this statement? If you do agree, explain the functions of packaging and labeling focusing on these products.
2. (a) During COVID-19 the price of many grocery products has changed. If you are the marketer of a Chaldal.com, how you can adapt the price of your product? What will be the strategies?  
(b) ‘Bikroy.com’ is an online grocery and delivery shop in Bangladesh. Concerning the nature of direct and interactive marketing activities, discuss the benefits and disadvantages of ‘Bikroy.com’.  
(c) Assume that you are going to purchase a refrigerator for the first time for your home. Specify, the sequential stages that you will pass through the adoption process for this new product.
3. (a) If “Alesha Mart Bangladesh” wants to specify the major elements of marketing mix in the communication component, what will be those? Mention the elements considering aims of marketing communication.  
(b) Describe the concepts of communication and marketing communication. Explain the communication process showing the model of communication.  
(c) Discuss how would you select the target audience for communication? Explain the methods of setting communication objectives.

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

**COVID-19 Impact on Organizations: A New Reality on the Food & Beverages IndustryMarket**

The novel coronavirus disease, also referred to as COVID-19, was first identified in December 2019 in the city of Wuhan, which is in the Hubei province of China. Within a short time, the COVID-19 epidemic spread throughout the globe, becoming a true pandemic that has severely affected almost every country. Along with its impact on public health, the pandemic has also impacted the operations of supply chains, sustainable economic growth, and the environmental

performance of supply chains. The global food & beverage industry includes various online food chains and offline food chains. The food & beverage industry includes the companies working in processing raw food materials, packaging, and distribution which include prepared foods and packaged foods, along with alcoholic and non-alcoholic beverages. The primary factors for the growth of the food & beverages industry before the COVID-19 pandemic include the rise in the number of on-the-go consumers and increased adoption of ready-to-eat food. Further, steadily increasing population and per capita income and changing lifestyle were other growth-enhancing factors of the food & beverages industry. However, the key factors that affect the food and beverage industry after the pandemic include the shutdowns of the restaurants and other seating areas. The global food & beverage industry report is segmented based on online food chains and offline food chains. The outbreak of COVID-19 had a dual impact on these segments. That includes the offline food chains that are restaurants and cafes that are entirely shut down in some regions, whereas, online food deliveries are available. Also, packaged food and beverage industries are witnessing an upsurge in the demand, such as shelf-stable foods and beverages including milk products, as consumers rush to stock the pantries. The novel COVID-19 has impacted the food & beverage industry in almost all regions including North America, Europe, Asia-Pacific, and the Rest of the World. Asia-Pacific and Europe are the largely impacted region across the globe. This is attributed to most of the cases recorded in the regions especially in the countries including Italy, Spain, Germany, France in Europe, and China, Japan, and South Korea in Asia-Pacific. The Chinese government has shut all the restaurants and cafes in the country. Apart from the food chains, the supply chain has been largely impacted by the pandemic COVID-19, as there is a disruption in the supply chain. For instance, Coca-Cola Co. experienced delays in its raw material supply from China as a result of industrial stalls related to the spread of COVID-19 in China. The company sources sucralose from both the US and China, however, has flagged that Chinese suppliers have experienced delays in production and export. The prominent players operating in the global food & beverage industry include Starbucks Corp., McDonald's Corp., Subway, Burger King, KFC, Home Original Chicken /Laoxiangji, Dunkin' Donuts, Dairy Queen, Papa John's Pizza, The Coca-Cola Co., PepsiCo among others. Due to the outbreak of the pandemic coronavirus, these companies are largely affected, especially in any of the outbreak zones that is China, the US, Italy, and South Korea. The restaurants have been mandated to shut down entirely however the online food supply is available. For instance, Starbucks has shut half of its nearly 2,000 outlets in China, however, online food ordering is still available. However, Businesses need to rapidly adjust to changing needs of employees, suppliers, and customers while navigating the financial and operational challenges.

**Questions:**

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- (a) What are the responsibilities of companies in this or similar situations during the COVID-19 pandemic?
- (b) If the stated global organizations in the given case want to implement marketing strategy of segmentation, targeting and positioning for adapting to the changing needs during COVID-19, what would be the basic steps of the marketing strategy process?
- (c) Explain how social media marketing and responsive home delivery system impacted global distribution and logistics of the food and beverage industry in COVID-19. Do you think your argued strategy will sustain in post-COVID?

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**শুন্ অৰ বিজ্ঞেয়**  
**Bangladesh Open University**  
**MBA Program**  
**Semester: 191 (3<sup>rd</sup> Level)**

**Course: Strategic Management**

**Due on: September 10, 2021**

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**Questions**

1. (a) What is strategy and strategic management? Explain the benefits of strategic management.  
(b) What is code of ethics? Explain the core competency of business.  
(c) Define the terms vision, mission and objectives. Explain with example.
2. (a) What is macro-environment? Describe the general component of macro-environment.  
(b) Explain in brief the elements micro environment of business organization.  
(c) State the importance of understanding environmental influences on business organizations.
3. (a) What is strategic cost analysis? How can this technique be used for company situation analysis?  
(b) What is SWOT analysis? Describe the importance of SWOT analysis.  
(c) Discuss the steps of SWOT analysis.

**Bangladesh Open University**  
**MBA Program**  
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**Course: Strategic Management**

**Due on: October 10, 2021**

**(Answer all the questions in own handwriting on A4 size white pages)**

1. (a) What is competitive advantage? Explain the ultimate goal of competitive strategy.  
(b) How to sustain competitive advantage? Discuss.  
(c) Low cost strategy does not work well in some situations. Do you agree? Give arguments.
  
2. (a) When should a company diversify its business? Explain.  
(b) Distinguish between related and unrelated diversification.  
(c) Discuss the techniques of a diversify company.
  
3. (a) How do policies aid strategy implementation? Illustrate your answer.  
(b) Why are short-term objectives needed when long-term objectives are already available?  
(c) Discuss the major components of effective evaluation.
  
3. **Read the following case carefully and answer the questions that follow:**

**A Company with Soul**

In 1974, Bill Crutchfield was living in his mother's house and working as the general manager of a forklift company after an unsuccessful stint in Hollywood, where he tried to sell a screenplay he wrote to a movie studio. He took \$1,000 he had saved and started a mail-order car stereo company after trying in vain to find a stereo that he could install himself in an old Porsche he was restoring for resale. Of course, Crutchfield needed far more than \$1,000 to start an electronics catalog company and was able to convince a local banker to extend a \$25,000 line of credit to the new company, which he named Crutchfield after himself.

Crutchfield kept his job at the forklift company and ran his business as a one-man operation. After working all day, Crutchfield would drive to the post office to pick up orders, drive to his mother's home where he was living, pack up the products with a personal thank-you note to ship to customers, and drive the packages to UPS for shipment. Unfortunately, only seven months into the venture, Crutchfield was incurring a loss and was about to run out of cash. As a last-ditch effort, he sent a one-page questionnaire to everyone who had ordered a catalog, asking customers what the company could do better and noncustomers why they had not placed an order. Crutchfield says the responses he received not only saved his company but still guide its customer service philosophy to this day. The problem was not with the catalog's products, brands, or prices; instead, customers were intimidated at the idea of installing a car stereo on their own.

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That feedback inspired Crutchfield to redesign his catalog (after all, it was the 1970s, long before the Internet) into a more polished product that included easy-to-follow articles on car stereo installation techniques, step-by-step photographs, and customer testimonials. The redesigned catalog worked, and sales increased dramatically in just a few months. That simple survey taught Crutchfield the importance of listening and responding to his customers, a lesson that has stuck with him for 40 years. Crutchfield's product line has expanded to include more than 9,500 high-end audiovisual products ranging from flat-screen televisions to cameras and speaker systems. In the company's research department (yes, a retailer that manufactures no products has a research department), employees are busy dissecting the products Crutchfield sells so they can share the details of their features and designs with the members of the sales, call center, and technical support teams. The technical support department routinely takes apart products to ensure they understand exactly how they work.

Digging into the details of every product the company sells is a vital component in the company's customer service equation, but Crutchfield takes a broad view of customer service. Crutchfield does not define customer service as only fixing problems once they occur. The company tries to think like its customers and put in place customer support features to make the customer experience better. Toward that end, Crutchfield has developed detailed car stereo installation guides for more than 16,100 vehicles, many of which contain how-to photos of the technical crew as they remove a factory radio and install one from the Crutchfield catalog. To enhance customers' experience, Crutchfield also makes a significant investment in training its 500 employees. In addition to the extensive training that technical support workers receive, sales advisers spend 13 weeks of classroom and hands-on installation training before they begin fielding customers' calls.

Crutchfield's focus on his customers pays off. The company generates \$250 million in annual sales, is debt free, and has never experienced a layoff in its history. It has earned a five-star rating from Yelp and is the only retailer to win BizRate's Circle of Excellence award for 11 consecutive years. In 2007, Bill Crutchfield was inducted into the Consumer Electronics Hall of Fame, where he joined the ranks of notables such as Steve Jobs and Thomas Edison.

Crutchfield's passion for taking care of customers has never subsided even as the company grows. He recently penned a set of core values—including exceeding customers' expectations, passionately pursuing continuous improvement, and treating employees with respect—that he explains to every employee in face-to-face meetings. Those core values are a significant part of the company's hiring process, in which managers look for candidates who demonstrate an attitude of service. Crutchfield believes that although you can train people for technical skills, it is critical for its business model to hire people who truly enjoy helping other people.

Although Internet sales now account for 70 percent of sales, catalogs remain an important part of the business; Crutchfield mails more than 30 million of them each year. The company can never compete on price with Wal-Mart and the myriad of Internet stores. The company competes with its high level of customer service and its attention to its culture, which the Crutchfield refers to as the company's soul.

**Questions:**

- (a) What impact has Crutchfield's strategy of providing superior customer service had on

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the company's success? In what ways does the company communicate its superior service strategy to customers?

- (b) Crutchfield makes it clear that his company does not compete with its rivals using low prices. What lessons can other small businesses learn from Crutchfield about the relationship between prices and customer service?

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## Bangladesh Open University

### MBA Program

Semester: 191 (3<sup>rd</sup> Level)

Course: Managerial Finance

Due on: September 10, 2021

#### Instructions

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#### Questions

1. (a) Why is the study of managerial finance important to your professional life regardless of the specific area of responsibility you may have within the business firm? Why is it important to your personal life?
2. (a) Financial ratio analysis is often divided into five areas: liquidity, activity, debt, profitability, and market ratios. Differentiate each of these areas of analysis from the others. Which is of the greatest concern to creditors?
- (b) Use the following ratio information for Johnson International and the industry averages for Johnson's line of business to:

<b>Johnson</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Financial leverage multiplier	1.75	1.75	1.85
Net profit margin	0.059	0.058	0.049
Total asset turnover	2.11	2.18	2.34
<b>Industry Averages</b>			
Financial leverage multiplier	1.67	1.69	1.64
Net profit margin	0.054	0.047	0.041
Total asset turnover	2.05	2.13	2.15

3. Fine Leather Enterprises sells its single product for \$129.00 per unit. The firm's fixed operating costs are \$473,000 annually, and its variable operating costs are \$86.00 per unit.
  - i. Find the firm's *operating breakeven point* in units.
  - ii. Label the  $x$  axis "Sales (units)" and the  $y$  axis "Costs/Revenues (\$)," and then graph the firm's sales revenue, total operating cost, and fixed operating cost functions on these axes. In addition, label the operating breakeven point and the areas of loss and profit (EBIT).
4. Carolina Fastener, Inc., makes a patented marine bulkhead latch that wholesales for \$6.00. Each latch has variable operating costs of \$3.50. Fixed operating costs are \$50,000 per year. The firm pays \$13,000 interest and preferred dividends of \$7,000 per year. At this point, the firm is selling 30,000 latches per year and is taxed at a rate of 40%.
  - i. Calculate Carolina Fastener's *operating breakeven point*.
  - ii. On the basis of the firm's current sales of 30,000 units per year and its interest and preferred dividend costs, calculate its EBIT and earnings available for common.
  - iii. Calculate the firm's *degree of operating leverage (DOL)*.
  - iv. Calculate the firm's *degree of financial leverage (DFL)*.
  - v. Calculate the firm's *degree of total leverage (DTL)*.
  - vi. Carolina Fastener has entered into a contract to produce and sell an additional 15,000 latches in the coming year. Use the DOL, DFL, and DTL to predict and calculate the changes in EBIT and earnings available for common. Check your work by a simple calculation of Carolina Fastener's EBIT and earnings available for common, using the basic information given.
5. Contrast the basic arguments about dividend policy advanced by Miller and Modigliani (M and M) and by Gordon and Lintner.

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Course: Managerial Finance

Due on: October 10, 2021

(Answer all the questions in own handwriting on A4 size white pages)

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

**Combined Case on capital budgeting: Lasting Impressions Company**

Lasting Impressions (LI) Company is a medium-sized commercial printer of promotional advertising brochures, booklets, and other direct-mail pieces. The firm's major clients are ad agencies based in New York and Chicago. The typical job is characterized by high quality and production runs of more than 50,000 units. LI has not been able to compete effectively with larger printers because of its existing older, inefficient presses. The firm is currently having problems cost-effectively meeting run length requirements as well as meeting quality standards.

The general manager has proposed the purchase of one of two large, six-color presses designed for long, high-quality runs. The purchase of a new press would enable LI to reduce its cost of labor and therefore the price to the client, putting the firm in a more competitive position. The key financial characteristics of the old press and of the two proposed presses are summarized in what follows.

**Old press** Originally purchased 3 years ago at an installed cost of \$400,000, it is being depreciated under MACRS using a 5-year recovery period (**such as: 20%, 32, 19, 12, 12, 5**). The old press has a remaining economic life of 5 years. It can be sold today to net \$420,000 before taxes; if it is retained, it can be sold to net \$150,000 before taxes at the end of 5 years.

**Press A** This highly automated press can be purchased for \$830,000 and will require \$40,000 in installation costs. It will be depreciated under MACRS using a 5-year recovery period. At the end of the 5 years, the machine could be sold to net \$400,000 before taxes. If this machine is acquired, it is anticipated that the current account changes shown in the following table would result.

Cash	+ \$25,400
Accounts receivable	+120,000
Inventories	-20,000
Accounts payable	+35,000

**Press B** This press is not as sophisticated as press A. It costs \$640,000 and requires \$20,000 in installation costs. It will be depreciated under MACRS using a 5-year recovery period. At the end of 5 years, it can be sold to net \$330,000 before taxes. Acquisition of this press will have no effect on the firm's net working capital investment.

The firm estimates that its earnings before depreciation, interest, and taxes with the old press and with press A or press B for each of the 5 years would be as shown in Table 1(next page). The firm is subject to a 40% tax rate. The firm's cost of capital,  $r$ , applicable to the proposed replacement is 14%.

*Note: Submit your assignment to the Coordinator of the Study Center you are attached with.*



Year	Old press	Press A	Press B
1	\$120,000	\$250,000	\$210,000
2	120,000	270,000	210,000
3	120,000	300,000	210,000
4	120,000	330,000	210,000
5	120,000	370,000	210,000

Requirements:

- a.** For each of the two proposed replacement presses, determine:
  - (1) Initial investment.
  - (2) Operating cash inflows. (*Note:* Be sure to consider the depreciation in year 6.)
  - (3) Terminal cash flow. (*Note:* This is at the end of year 5.)
- b.** Using the data developed in part **a**, find and depict on a time line the relevant cash flow stream associated with each of the two proposed replacement presses, assuming that each is terminated at the end of 5 years.
- c.** Using the data developed in part **b**, apply each of the following decision techniques:
  - (1) Payback period. (*Note:* For year 5, use only the operating cash inflows—that is, exclude terminal cash flow—when making this calculation.)
  - (2) Net present value (NPV).
  - (3) Internal rate of return (IRR).
- d.** Draw *net present value profiles* for the two replacement presses on the same set of axes, and discuss conflicting rankings of the two presses, if any, resulting from use of NPV and IRR decision techniques.
- e.** Recommend which, if either, of the presses the firm should acquire if the firm has (1) unlimited funds or (2) capital rationing.
- f.** What is the impact on your recommendation of the fact that the operating cash inflows associated with press A are characterized as very risky in contrast to the low-risk operating cash inflows of press B?

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**শুন্ অৱ বিজ্ঞেয়**  
**Bangladesh Open University**  
**MBA Program**  
**Semester: 191 (3<sup>rd</sup> Level)**

**Course: Operations Management**

**Due on: September 10, 2021**

**Instructions**

- **Answer all the questions in your own handwriting on A4 size white paper.**
- **Write your Student ID No. on each of the pages of your assignments.**
- **Take a snap or scan your written assignment pages and convert them into one PDF file before uploading into the LMS.**

**Questions**

1. (a) What are the major components of a production system? Briefly discuss those with example.  
(b) Examine the internal and external influencing factors on the production system.
2. (a) Discuss the different stages in Product life Cycle. How PLC helps a manager in formulating operational strategies?  
(b) Discuss the components of operations strategy for your organization. Is there relationship between quality and productivity?
3. (a) Why economic forecast is important? What considerations are required in Economic forecast for a developing nation?  
(b) Explain the factors affecting demand forecast with example.  
(c) Explain the sequential steps in the development of a new service.
4. (a) Explain the concept of Performance Measurement. What are the reasons for Performance Measurement?  
(b) What is benchmarking? Explain the prerequisites and obstacles to successful benchmarking.

*Note: Submit your assignment to the Coordinator of the Study Center you are attached with.*

**শুভ্র অথ বিজ্ঞান**  
**Bangladesh Open University**  
**MBA Program**  
**Semester: 191 (3<sup>rd</sup> Level)**

**Course: Operations Management**

**Due on: October 10, 2021**

**(Answer the all questions in own handwriting on A4 size white pages)**

1. (a) What is Capacity? Discuss the activities of capacity planning citing examples.  
 (b) Is the inventory require for all organizations? Give your argument.  
 (c) Explain JIT inventory systems with benefits and drawbacks. Also mention what precautions require in adopting JIT inventory systems.
  
2. (a) What is Network? Distinguish between CPM and PERT. How it helps in managerial decision making.  
 (b) Draw Network, find the Critical Path and Project Time Duration from the following table:

Activity	Time (Days)	Activity	Time (Days)
1-2	2	4-8	8
1-4	2	5-6	4
1-7	1	6-9	9
2-3	4	7-8	3
3-5	1	8-9	5
4-6	5		

3. Read the following passage and answer the questions that follow:

**Duke's Business Plan**

As the business team sits at their round countenance table, Rita brings up an issue now near to heart. She has just become engaged to Duke, who works for Pepsi Co. Duke is worried about his new job. Coke's CEO Robert Goizueta has created more wealth for shareholders than any CEO in history with the single focused strategy of making Coke the domestic and international drinks. On the other hand, Pepsi is a conglomerate with domestic and international drinks; restaurant such as Sonargaon, Sheraton, Sundarban, and Pizza Hut etc.; Bottling operations. While Coke has been focused on selling Coke, Pepsi has diversified; pouring billions of dollars into the other capital-intensive business. Some think Pepsi has lost cola wars, both in Bangladesh and overseas. Duke wants the team's advise about what strategic help he can give his new boss.

**Requirements:**

- a. Taking the steps in the strategic process in order, what advice do you think the team should give Duke?
- b. What factor do you think have led Pepsi to choose its strategy instead of Coke's strategy?
- c. What strategic planning changes would you recommend to Pepsi and why?

**Note: Submit your assignment to the Coordinator of the Study Center you are attached with.**