

## International Islamic University Chittagong

Department of Economics & Banking

Mid-Term Examination, Autumn-2023

Program: BSS (Hons) in Economics & Banking

Course Code: BNKG-1201

Course Title :Elementary Banking and Finance

Time: 1 hour 30 minutes

Full Marks: 30

[Answer the following questions. Figures in the right margin indicate full marks.]

QN	Description of Questions	Marks	CLOs & PLOs	Cognitive learning
1(a).	Describe the goals of the today's globalized corporation.	2		Remembering
1(b).	Distinguish between NCF and OCF.	2		Analyzing
1(c).	Marry Properties Ltd recently reported net income of \$3 million. Its operating income (EBIT) was \$6 million, and the company pays a 40% tax rate. Calculate the company's interest expense for the year.	3	<b>CLO 1 &amp; PLO 2</b>	Evaluating
1(d).	Yellow Corporation just announced that the current financial year's income statement reports its net income to be TK1200000. Yellow's marginal tax rate is 40%, and its interest expense for the year was TK. 1500000. The company has TK. 8000000 of invested capital. The weighted average cost of capital (WACC) is 12%. Calculate the Economic Value Added (EVA) of Yellow Corporation.	3		Evaluating

- 2(a). De leons Corporation has generated the following data on 31<sup>st</sup> December 2022.

Net Operating Working Capital	\$642400
Sales	\$1788000
NOPAT	\$146200
Operating Cash Flow	\$292400
DSO	71.69351 Days
Inventory Turnover Ratio	2.5
Number of shares of the corporation	10000 @ \$46 per share
*Calculation is based on a 365-day year	

Complete the following Balance Sheet using the above financial data :

Assets	Amount(\$)	Liabilities and Equities	Amount(\$)
Cash	?	Accounts Payable	145600
Accounts Receivables	?	Notes Payable	?
Inventories	?	Accruals	136000
<b>Total Current Assets</b>	?	<b>Total Currents Liabilities</b>	481600

10      **CLO 1 & PLO 2**      Evaluating

Gross Fixed Assets	491000	Long-Term Debt	323432
Less: Depreciation	(?)	Common Stock	?
Net Fixed Assets	?	Retained Earnings	?
		Total Equities	663768
Total Assets	<u>1468800</u>	Total Liabilities and Equities	<u>?</u>

- 3(a). "Financial ratios are designed to help one evaluate a financial statement."- Interpret the statement. 2 Understanding
- 3(b). The financial information of Raily Inc on 31<sup>st</sup> December 2020 are as follows:

- i. The value of the Total Assets is \$6900000 of which 60% is Equity.
- ii. The value of the Long-Term Assets is \$5.4 million.
- iii. The company's Current Assets consist of Cash and Accounts Receivables. The value of Cash is \$1 million.
- iv. The corporation has an Annual Sales volume of \$5475000.
- v. Profit Margin on Sales of the company is 3%.
- vi. The corporation has an Industry Average of 50% Debt Ratio; 30 days DSO; 3.5 % ROA & 3.5 % ROE.

CLO  
2 &  
PLO 4

Evaluating

4

Calculate debt ratio, DSO, ROA, ROE and hence comment on the results.

- 3(c). Greaser Tucking has \$12 billion in assets, and its tax rate is 40%. The company's Basic Earning Power (BEP) ratios is 15%, and its ROA is 5%. Calculate Geraser's Time-Interest-Earned ratio. 4 Evaluating

OR

- (a). Illustrate The concept "Time Value of Money" with example. 2 Understanding
- (b). Mr. Mohiuddin is planning to buy a flat in a residential area of Dhaka city with TK. 1 Crore. To fulfill this plan he has deposited TK 25 Lacs in IBBL and has deposited TK. 60000 to the account with FSIBL at the end of the every year. How many years will it take for Mr. Mohiuddin to reach the goal? 4 Evaluating
- (c). Find the Present Value and Future Value of an investment that makes the payment of \$1800 at the end of year 1, \$2400 at the end of year 2, \$3000. at the end of year 3 and \$3600 at the end of year of 4. The interest rate is 8.75%. 4 Evaluating