

International Islamic University Chittagong

Department of Economics & Banking

Mid-Term Examination, Spring-2024

Course Code: BNKG-1201

Program: BSS (Hons) in Economics & Banking

Course Title: Elementary Banking and Finance

Section: 2MF

Time: 1 hour 30 minutes

Full Marks: 30

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

QN	Description of Questions	Marks	CLOs & PLOs	Cognitive learning
1(a).	Recently you completed your graduation and you want to start your career in finance area. What kinds of career opportunities are open to you? And also suppose that you have been appointed by a corporation as a finance manager. Demonstrate your responsibilities.	4	CLO 1 & PLO 2	Analyzing
1(b).	“Conflicts of interest between managers and shareholders arise when their goals and incentives diverge in the context of managerial operations.” Justify the statement with its mechanism to handle.	6		Evaluating
2(a).	The annual report presents four basic financial statements. Write the types of statements.	2	CLO 1 & PLO	Understanding
2(b).	Ali & Brothers recently reported an EBITDA of \$7 million and \$1 million of net income. The company has \$1.5 million of interest expense and the corporate tax rate is 40 percent. Find the company’s depreciation and amortization expense.	3	2	Creating
2(c).	Bristol Company has recently published their annual report which reported sales Tk. 300,000; interest expense Tk. 10,000; depreciation of TK. 20,000; net working capital of Tk. 100,000; net fixed assets of Tk. 200,000; fixed cost of Tk. 20,000; corporate tax rate is 30 percent and net investment in operating capital of Tk. 150,000. Calculate OCF, NCF, NOPAT, Total Operating Capital and FCF.	5		Creating
3(a).	Yousuf Manufacturing company has \$8 million in sales. Its ROE is 12% and its total asset turnover is 3.2 ×. The company is 50% debt financed. What is the company’s net income?	3	CLO 2& PLO 4	Evaluating
3(b).	Complete the Balance Sheet and Sales information in the table that follows for ALIF Industries using the following financial data : Debt ratio: 50% Current ratio: 1.80× Total assets turnover: 1.5× Days sales outstanding: 36.5 days Gross profit margin on sales: (Sales - Cost of goods sold)/Sales = 25% Inventory turnover ratio: 5× Accounts Payable Ratio: 5× ROA: 5% *Calculation is based on a 365-day year	7		Evaluating

BALANCE SHEET

Assets	Amount(\$)	Liabilities and Equity	Amount(\$)
Cash	?	Accounts Payable	?
Accounts Receivable	?	Notes Payable	?
Inventories	?	Long-term Debt	60,000
Net Fixed Assets	?	Common Stock	?
		Retained Earnings	97500
Total Assets	\$300,000	Total Liabilities and Equity	?
Sales	?	Net Income	?
Credit Purchase	\$ 200,000	Depreciation	
		CGS	?

OR

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|------|--|---|------------|
| (a). | You are planning of going abroad for post-graduation after 4 years. You currently have \$25,000 and you would like to have \$100,000 when you will go. What annual rate of interest would you have to earn on your \$25,000 in order to reach your goal, assuming you save no more money? | 5 | Evaluating |
| (b). | Trust Bank Ltd. offers you \$1466.23 after 6 years. But you have to deposit \$100 at the end of each of the next 3 years. Then you have to pay \$200 at the end of Year 4, \$300 at the end of Year 5, and \$500 at the end of Year 6. If the market interest rate is 8 percent, do you take this offer? | 5 | Evaluating |