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Daffodil International University

Faculty of Business & Entrepreneurship
Department of Business Administration
Program: BBA

Semester: Spring 2025
Time: 1 Hour and 30 Minutes
Course Code: 0412-123
Section: All

Examination: Mid-term
Full Marks: 25
Course Title: Principles of Finance
Teachers' Name: *DAZR/ASM/NNS/AA /SNR/MLS*

Answer the following questions

1.	Is maximizing shareholder wealth the primary goal of a company? Justify your answer.	[CLO 01, Level 01]	03
2.	If you were given the option to receive $1,000 today or $1,000 a year from now, how would you explain the time value of money to decide which option is better? Why is this concept important?	[CLO 01, Level 02]	02
3	Imagine a company that wants to expand its operations. Describe the internal and external funding sources it could consider, and explain how it might choose the most appropriate option.	[CLO 02, Level 02]	04
4	Analyze the financial commitment of providing a computer for your younger sister after her graduation, scheduled for the end of the 5th year. The computer is estimated to cost Tk.55000 at that time. Determine the monthly deposit amount required if the installment is scheduled at the beginning of the period, considering a savings bank account with a 12%*p.a. interest rate compounded monthly over each of the next five years.	[CLO 03, Level 04]	04
5	BSRM Steel Company Limited requires Tk. 5 crore of working capital in the upcoming year. Three financing options are under consideration:	[CLO 03, Level 05]	
	a. Forgoing a cash discount offered at terms of 3/15, net 30. b. Securing a bank loan at an annual interest rate of 14 percent. This loan requires a 20 percent compensating balance. c. BSRM also has the opportunity to raise funds by selling commercial paper of Tk. 1000 each for 270 days, selling price is Tk. 950 and floatation cost is 2%. You are required to decide from which source BSRM should raise the funds.		07
6.	Dolphin Ltd has borrowed Tk. 60,00,000 with a 10 percent interest rate for 5 years from MTBL. The company has to repay the loan and interest at each year's end. Apply the facts in preparing loan repayment schedules under the Balloon Method.	[CLO3, Level 3]	05