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Course Code: MBF 839

Credit Univ: 3

Comese Title: QUANTITATIVE TECSHOQUES FOR SANGING AND FINANCE Time Allowed: 21/2 Hours.

Instructions:

- 1. Attempt Question 1 and any other two (3) Questions.
- 2. Question 1 is compalsory and carries 25 marks while the other 3 Questions carry 15 marks each.
- 3. Show all your calculations for appropriate marks.

Question 1

- a. Discuss five advantages of quantitative skills for managers.
- b. A firm is faced with two alternative investment plans. Plan 1 will cost #750 and plan 2 #950. Both plans involve the purchase of equipment the life of which is four years, and the current rate of return on capital is expected on capital is expected to be 20%. The estimated cash flows resulting from the projects are:

Years		1	2	3	4
Plan 1	#300	#400	#300	#200	
Plan 2	#500	#400	#300	#300	

. The present value of these expected retorns assuming a rate of return on capital of 20%.

Question 2

- a. Define Sequence and Series.
- b. Suppose #1,000 is invested at 7% per annum compound interest. Find the value of the investment at the end of the tenth year.

Question 3

a. Define Compound Interest

b. An equipment costing #1,000 has an expected life of 5years. It is estimated that the eash flow resulting from the use of the machine will be #400 a year. The rate of return expected from capital of the type is 15%. Is the investment worthwhile?

Question 4

a. Explain the following

i. Bond with maturity

ii. Pure Discount Bonds

iii. Perpetual Bonds

b. Describe the objective functions and the constraints of L.P

Question 5

a. List four costs associated with inventory.

b. Suppose that N1,000 are placed in the savings account of a bank at 5 percent interest rate. How much shall it grow at the end of the three years?

Question 6

a. Simplify $15 + 3 + 2^3 \times 1 - 4 \times 2 (3 + 1)$

b. List two advantages and disadvantages of the periodic review system of inventory control.





NATIONAL OPEN UNIVERSITY OF NIGERIA 14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS SCHOOL OF MANAGEMENT SCIENCES OCTOBER/NOVEMBER 2014 EXAMINATION

COURSE CODE: BUS 839

CREDIT UNIT: 2

COURSE TITLE: QUANTITATIVE TECHNIQUES FOR BANKING AND FINANCE

TIME ALLOWED: 2 HOURS.

INSTRUCTIONS:

1. Attempt Question 1 and any Other Two (2) Questions.

2. Question 1 Is Compulsory and Carries 30 Marks
While The Other 2 Questions Carry 20 Marks Each.

3. Show All Your Calculations For Appropriate Marks.

Question

1a. Simplify $15 + 3 + 2^3 \times 1 - 4 \times 2 (3 + 1)$

1b. Discuss five advantages of quantitative skills for managers.

1c. A firm is faced with two alternative investment plans. Plan 1 will cost #750 and plan 2 #950. Both plans involve the purchase of equipment the life of which is four years, and the current rate of return on capital is expected on capital is expected to be 20%. The estimated cash flows resulting from the projects are:

Years		1		2		3		4
Plan 1	#300		#400		#300		#200	
Plan 2	#500	•	#400		#300		#300	

The present value of these expected returns assuming a rate of return on capital of 20%.

Question

- 2a. Define Sequence and Series.
- **2b.** Suppose #1,000 is invested at 7% per annum compound interest. Find the value of the investment at the end of the tenth year.

Question

- **3a.** Define Compound Interest
- **3b.** An equipment costing #1,000 has an expected life of 5years. It is estimated that the cash flow resulting from the use of the machine will be #400 a year. The rate of return expected from capital of the type is 15%. Is the investment worthwhile?

Question

- 4a. Explain the following
- i. Bond with maturity
- ii. Pure Discount Bonds
- iii. Perpetual Bonds
- 4b. Describe the objective functions and the constraints of L.P

Question

- **5a.** List four costs associated with inventory.
- 5b. What are the advantages and disadvantages of the periodic review system of inventory control.
- **5c.** Suppose that N1,000 are placed in the savings account of a bank at 5 percent interest rate. How much shall it grow at the end of the three years?