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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER II
SESSION 2012/2013**

**COURSE NAME : CONSTRUCTION FINANCIAL
MANAGEMENT**

COURSE CODE : BPD 22302

PROGRAMME : 2BPC

EXAMINATION DATE : JUNE 2013

DURATION : 2 HOURS

INSTRUCTION : ANSWER ALL QUESTIONS

THIS QUESTION PAPER CONSISTS OF THREE (3) PAGES

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Q1 Latifi and Zarina have the following assets and liabilities in their construction company:

Liquid assets: RM6,750
 Investment assets: RM16,250
 Land: RM125,000
 Current liabilities: RM3,100
 Long-term liabilities: RM86,000

(a) Calculate the total assets, total liabilities, and net worth. (15 marks)

(b) According to the answer in Q1 (a), calculate the current ratio. (10 marks)

Q2 Zaki is going to purchase a truck to start a construction business. Zaki is financing RM250,000 for the truck at a 10% annual interest rate, compounded monthly for 4 years.

(a) Calculate the amount of payment required at the end of each month to finance the purchase. (15 marks)

(b) According to the answer in Q2(a), explain the deficit or surplus of his investment. (10 marks)

Q3 You are a financial analyst for the ArhamDevelopers Company. The director of capital budgeting has asked you to analyse two proposed capital investments, Project A and B. Each project has a cost of RM100,000 and the cost of capital for each project is 12%. The Project A and B expected net cash flow are as follows:

Table Q3: Net Cash Flow

Year	Project X (RM)	Project Y (RM)
0	(100,000)	(100,000)
1	65,000	35,000
2	30,000	35,000
3	30,000	35,000
4	10,000	35,000

Based on the information in Table Q3:

(a) Calculate each project's payback period. (10 marks)

- (b) Calculate each project's net present value (NPV). (10 marks)
- (c) Select which project should be accepted. (5 marks)

Q4 Time, cost and quality are the three main factors mainly concerned by a project manager in a construction project. As a project manager, you can understand the importance of time value of money (TVM) due to the fact that success and failure of a project are mainly influenced by the dynamic changes of this industry. Based on this fact:

- (a) Explain the basic tools used in TVM analysis. (10 marks)
- (b) Discuss the TVM concept and its importance in construction financial planning. (15 marks)

-END OF QUESTION-