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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER I
SESSION 2014/2015**

COURSE NAME : BUSINESS FINANCIAL
MANAGEMENT
COURSE CODE : BPB 14203
PROGRAMME : 1 BPB
EXAMINATION DATE : DECEMBER 2014/JANUARY 2015
DURATION : 3 HOURS
INSTRUCTION : ANSWER ALL QUESTIONS

THIS QUESTION PAPER CONSISTS OF **FOUR (4)** PAGES

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- Q1** The following unadjusted trial balance was extracted from Blink-Blink Enterprise an interior design company owned by Pn. Laila for the period ended 31 December 2014.

Blink-Blink Design Enterprise.
Unadjusted Trial Balance as at 31 December 2014

	<u>RM</u>	<u>RM</u>
Cash	8,050	
Accounts Receivable	28,350	
Prepaid Insurance	10,200	
Supplies	2,180	
Land	112,500	
Building	197,250	
Accumulated Depreciation-Building		122,550
Equipment	135,300	
Accumulated Depreciation-Equipment		97,950
Account payable		11,350
Unearned Revenue -design works service		6,750
Pn. Laila, Capital		203,500
Pn. Laila, Drawing	15,000	
Sales Revenue		297,600
Salaries and Wages	143,370	
Utilities Expenses	41,375	
Advertising & promotion expenses	22,800	
Maintenance expenses	17,250	
Miscellaneous expenses	6,075	
	739,700	739,700
	739,700	739,700

New additional information gathered on 31 December 2014 were as follows:

- (i) Determined prepaid insurance balance on 31, December, RM3,500.
 - (ii) Supplies on hand on 31 December, RM530.
 - (iii) Depreciation on building for the year, RM1,800.
 - (iv) Depreciation on equipment for the year, RM3,050.
 - (v) Unearned Revenue for design works services on 31, December, RM4,300.
 - (vi) Accrued salaries & wages on 31 December, RM3,000.
 - (vii) Design works revenue earned but unbilled on 31, December, RM6,300.
- (a) Prepare adjustment journals for item (i) to (vii). (14 marks)
 - (b) Prepare adjusted trial balance for the period ended 31st December 2014. (7 marks)
 - (c) Describe the definition of '*prepaid expenses*' and '*unearned revenue*'. (4 marks)

- Q2** (a) Your father will be retired 5 years from now and he has RM250,000 in his investment account. The annual interest rate for his investment is 8 %.

Calculate the value of investment on his retirement day (show the time line).
(5 marks)

- (b) You plan to save fixed sum of RM1,000 every year (without any withdrawal) for the next 18 years. The annual interest rate for your saving account is 3%.

Calculate the value of investment at the end of year 18 (show the time line).
(5 marks)

- (c) Farid plan to evaluate the following alternatives of investment income which promise the investment return of 10 % per year.

Alternative A: RM 100 received in one year from now.

Alternative B: RM 200 received in five years from now.

Alternative C: RM 300 received in ten years from now.

Calculate each value of investment alternative to help Farid choose the best alternative.

(10 marks)

- (d) Explain the different between compounded interest on ordinary annuity and annuity due stream of cash flow.

(5 marks)

- Q3** The following **Table Q3** highlights the financial information on projects X and Y.

Table Q3: Project Financial Information

Initial Outlay (RM)	Net Cash Flow (RM)			
	Year 1	Year 2	Year 3	Year 4
Project X: 4,000,000	2,000,000	2,003,000	2,003,000	2,003,000
Project Y: 4,000,000	0	0	0	11,000,000

Note: The discount rate is 14%

- (a) Calculate the Net Present Value (NPV) for both projects.
(12 marks)

- (b) Calculate the Internal Rate of Return (IRR) for both projects
(8 marks)

- (c) Choose which projects to be implemented should both projects are mutually exclusive.
(5 marks)

- Q4** The following **Table Q4** is the summary of balance sheet for Segar Food Sdn. Bhd. as of 31st December 2013.

Table Q4: Segar Food Sdn. Bhd. Balance Sheet as of 31st December 2013

Assets	RM (million)	Liabilities and Equity	RM (million)
Cash	25	Account payable	60
Account receivables	85	Notes payable	425
Inventory	90	Accruals	45
<i>Total Current Assets</i>	200	<i>Total Current Liabilities</i>	530
Net Plant, Property and Equipment	6,100	Long term debts	2,725
		<i>Total liabilities</i>	3,255
		Equity	3,045
Total Assets	6,300	Total Liabilities and Equities	6,300

The company had sales revenue of RM980 million and cost of goods sold (COGS) of RM560 million for year 2013.

- (a) Calculate company's account payable days. (3 marks)
- (b) Calculate company's inventory days. (3 marks)
- (c) Calculate company's account receivable days. (3 marks)
- (d) Calculate company's cash conversion cycle. (5 marks)
- (e) Calculate company's operating cycle. (5 marks)
- (f) Explain the position of working capital for the company. (6 marks)

-END OF QUESTION-