Universiti Tun Hussein Onn Malaysia

UNIVERSITI TUN HUSSEIN ONN MALAYSIA

FINAL EXAMINATION
SEMESTER II
SESSION 2021/2022

COURSE NAME	:	CONSTRUCTION FINANCIAL MANAGEMENT
COURSE CODE	:	BPD 35202
PROGRAMME CODE	:	BPC
EXAMINATION DATE	:	JULY 2022
DURATION	:	2 HOURS
INSTRUCTIONS	:	1. ANSWER **ALL** QUESTIONS 2. THIS FINAL EXAMINATION IS CONDUCTED VIA **CLOSED BOOK.** 3. STUDENTS ARE **PROHIBITED** TO CONSULT THEIR OWN MATERIAL OR ANY EXTERNAL RESOURCES DURING THE EXAMINATION CONDUCTED VIA CLOSED BOOK

THIS QUESTION PAPER CONSISTS OF **THREE (3)** PAGES

Q1 (a) The financial manager of a firm plays an important role in the company's goals, policies and financial success.

Discuss **FIVE (5)** financial managers responsibilities.

(10 marks)

(b) Project Financing is effectively a short-term activity tied to "line of credit" issues and protocols. Short-term financing has to do with, loans or credit, which must be repaid in the near future. This can be defined as anywhere from a week to a year depending upon stipulations established by the lender. There are stages in project financing.

Outline **THREE (3)** stages in project financing.

(15 marks)

Q2 Abu Development Company considers the following mutually exclusive projects in **Table Q2** involve an initial cash outlay of RM240,000 with equal lives:

Table Q2: Net Cash Flow for Projects

Year	Project A (RM)	Project B (RM)
1	140,000	20,000
2	90,000	40,000
3	50,000	70,000
4	20,000	110,000
5	20,000	180,000

(a) Calculate the net present value (NPV) for each project by assuming the discount rate is 11%.

(12 marks)

(b) Calculate the internal rate of return (IRR) for each project by assuming the discount rate is 11%.

(12 marks)

(c) Determine the best project option that Abu Development Company should choose for his investment based on answer in **Q2(a)**.

(1 mark)

Q3 According to estimates provided by Skygarden Development, the opportunity cost of investments amounts to 9% per year when compounded. The following opportunities for the developer to invest are listed in **Table Q3** and should be carefully considered by the developer.

Table Q3: Investment Opportunities

Option	Description
P	To receive RM1,000,000 today
Q	To receive RM4,000,000 at the end of 15 years
R	To receive RM15,000 at the end of each month for 10 years compounded monthly
S	To receive RM750,000 in 5 years and RM1,000,000 5 years later
T	To receive RM750,000 in 5 years and RM1,750,000 10 years later

(a) Calculate the Present Value (PV) for option P.

(4 marks)

(b) Calculate the Present Value (PV) for option Q.

(4 marks)

(c) Calculate the Present Value (PV) for option R.

(4 marks)

(d) Calculate the Present Value (PV) for option S.

(4 marks)

(e) Calculate the Present Value (PV) for option T.

(4 marks)

(f) Describe the best option for the investment.

(5 marks)

Q4 Studies on building costs are obligatory in order to guarantee that scarce and limited resources are utilised to their full potential. In addition to that, it is utilised to guarantee that customers get the most out of the investment the projects they commission. Controlling costs is one of the processes that are carried out in order to accomplish the aforementioned goals.

(a) Identify **FOUR (4)** elements in cost control.

(4 marks)

(b) Discuss **THREE (3)** objectives of cost control.

(6 marks)

(c) Differentiate **THREE (3)** techniques for cost control.

(15 marks)

-END OF QUESTIONS –