

CONFIDENTIAL



UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER I
SESSION 2013/2014**

**COURSE NAME : PROJECT FINANCIAL
MANAGEMENT**
COURSE CODE : BFP 40503
PROGRAMME : 4 BFF
EXAMINATION DATE : DECEMBER 2013/JANUARY 2014
DURATION : 3 HOURS
INSTRUCTION : ANSWER ALL QUESTIONS

THIS QUESTION PAPER CONSISTS OF SIX (6) PAGES

CONFIDENTIAL

Q1 (a) There are two main types of finance which are equity and debt. Equity is money subscribed by investors or shareholders. The shareholders get returns from dividends and capital growth in the value of their equity. Explain detail on debt.

(8 marks)

(b) Farid invest RM2,000 now and promised by the Bank to receive RM100 payment every year for 3 years, plus RM2,500 in the 3rd year. Bank A offer an interest rate at 10% while Bank B offer an interest rate at 6%. Calculate the Net Present Value (NPV) and determine which bank offer better investment.

(12 marks)

(c) Due to increased demand, the management of Rani Beverage Company is considering to purchase a new equipment to increase the production and revenues. The useful life of the equipment is 10 years and the company's maximum desired payback period is 4 years. The inflow and outflow of cash associated with the new equipment is given below:

The initial cost of equipment	RM37,500
-------------------------------	----------

Annual cash inflow:

Sales	RM75,000
-------	----------

Annual cash outflow:

Cost of ingredients	RM45,000
---------------------	----------

Salaries expenses	RM13,500
-------------------	----------

Maintenance expenses	RM1,500
----------------------	---------

Use payback method to determine wheather Rani Beverage Company should purchase the new equipment or not.

(5 marks)

Q2 Fatia had a one-time investment of RM10,000. Calculate total money from the account if she withdraw the money after 30 years using;

(a) 12% simple interest rate

(3 marks)

(b) 12% interest compounded yearly

(3 marks)

(c) 12% interest compounded quarterly

(3 marks)

- (d) Select the best choice from (a), (b), and (c) and explain why. (3 marks)
- (e) Draw cash flow diagram for every 10 years from answer (d). (9 marks)
- (f) Calculate the annual effective interest rate from answer (d) and explain the result. (4 marks)

- Q3** (a) The following table contains the cash flows associated with a decision to purchase a machine, with the net cash flows listed for each of the next five years. Determine the discount factor using Parry's Valuation Table (Table **Q3 (a)**) which assumes the existence of an 8% interest rate through the five-year period and calculate the Net Present Value (NPV).

Year	Cash Flow (RM)
0	-120,000
1	35,000
2	35,000
3	35,000
4	25,000
5	25,000

- (13 marks)
- (b) Give definition of Life Cycle Cost (LCC) Analysis (2 marks)
- (c) Discuss detail steps in the completion of the LCC analysis of the LCC analysis of a project alternative. (10 marks)

Q4 Exide Company sells batteries that are used in vehicles. The current assets and current liabilities as on 31 December, 2012 are given in Table **Q4 (a)**. The YXM Sdn. Bhd. is a consultant company with current assets and current liabilities as on 31 December, 2012 are given in Table **Q4 (b)**.

- (a) List the current assets for Exide Company and YXM Sdn. Bhd. (8 marks)
- (b) Calculate the working capital turnover ratio for Exide Company and YXM Sdn. Bhd. (8 marks)
- (c) Compare and explain calculation results from (b). (5 marks)
- (d) Calculate the return of the capital if Exide Company gets RM100,000.00 profits a year with RM250,000.00 investments. (2 marks)
- (e) Explain why calculating the working capital cost is important. (2 marks)

- END OF QUESTION -

FINAL EXAMINATION

SEMESTER/SESSION: SEM I/2013/2014

PROGRAMME : 4 BFF

COURSE NAME : PROJECT FINANCIAL MANAGEMENT

COURSE CODE: BFP 40503

Table A Present value of £1

Years Hence	1%	2%	4%	6%	8%	10%	12%	14%	15%	16%	18%	20%	22%	24%	25%	26%	28%	30%	35%	40%	45%	50%
1	0.990	0.980	0.962	0.943	0.926	0.909	0.895	0.877	0.870	0.862	0.847	0.833	0.820	0.806	0.800	0.794	0.781	0.769	0.741	0.714	0.690	0.667
2	0.980	0.961	0.925	0.890	0.857	0.826	0.797	0.769	0.756	0.743	0.718	0.694	0.672	0.650	0.640	0.630	0.610	0.592	0.549	0.510	0.476	0.444
3	0.971	0.942	0.889	0.840	0.794	0.751	0.712	0.675	0.658	0.641	0.609	0.579	0.551	0.524	0.512	0.500	0.477	0.455	0.406	0.364	0.328	0.296
4	0.961	0.924	0.855	0.792	0.735	0.683	0.636	0.592	0.572	0.552	0.516	0.482	0.451	0.423	0.410	0.397	0.373	0.350	0.301	0.260	0.226	0.198
5	0.951	0.906	0.822	0.747	0.681	0.621	0.567	0.519	0.497	0.476	0.437	0.402	0.370	0.341	0.328	0.315	0.291	0.269	0.223	0.186	0.136	0.132
6	0.942	0.888	0.790	0.705	0.630	0.564	0.507	0.456	0.432	0.410	0.370	0.335	0.303	0.275	0.262	0.250	0.227	0.207	0.165	0.133	0.108	0.088
7	0.933	0.871	0.760	0.665	0.583	0.513	0.452	0.400	0.376	0.354	0.314	0.279	0.249	0.222	0.210	0.198	0.178	0.159	0.122	0.095	0.074	0.059
8	0.923	0.853	0.731	0.627	0.540	0.467	0.404	0.351	0.327	0.305	0.266	0.233	0.204	0.179	0.168	0.157	0.139	0.123	0.091	0.068	0.051	0.039
9	0.914	0.837	0.703	0.592	0.500	0.424	0.361	0.308	0.284	0.263	0.225	0.194	0.167	0.144	0.134	0.125	0.108	0.094	0.067	0.048	0.035	0.026
10	0.905	0.820	0.676	0.558	0.463	0.386	0.322	0.270	0.247	0.227	0.191	0.162	0.137	0.116	0.107	0.099	0.085	0.073	0.050	0.035	0.024	0.017
11	0.896	0.804	0.650	0.527	0.429	0.350	0.287	0.237	0.215	0.195	0.162	0.135	0.112	0.094	0.086	0.079	0.066	0.056	0.037	0.025	0.017	0.012
12	0.887	0.788	0.625	0.497	0.397	0.319	0.257	0.208	0.187	0.168	0.137	0.112	0.092	0.076	0.069	0.062	0.052	0.043	0.027	0.018	0.012	0.008
13	0.879	0.773	0.601	0.469	0.368	0.290	0.229	0.182	0.163	0.145	0.116	0.093	0.075	0.061	0.055	0.050	0.040	0.033	0.020	0.013	0.008	0.005
14	0.870	0.758	0.577	0.442	0.340	0.263	0.205	0.160	0.141	0.125	0.099	0.078	0.062	0.049	0.044	0.039	0.032	0.025	0.015	0.009	0.006	0.003
15	0.861	0.743	0.555	0.437	0.345	0.239	0.183	0.140	0.123	0.108	0.084	0.065	0.051	0.040	0.035	0.031	0.025	0.020	0.011	0.005	0.004	0.002
16	0.853	0.728	0.534	0.394	0.292	0.218	0.163	0.123	0.107	0.093	0.071	0.054	0.042	0.032	0.028	0.025	0.019	0.015	0.008	0.005	0.003	0.002
17	0.844	0.714	0.523	0.371	0.270	0.198	0.146	0.108	0.093	0.080	0.060	0.045	0.034	0.026	0.023	0.020	0.015	0.012	0.006	0.003	0.002	0.001
18	0.836	0.700	0.494	0.350	0.250	0.180	0.130	0.095	0.081	0.069	0.051	0.038	0.028	0.021	0.018	0.016	0.012	0.009	0.005	0.002	0.001	0.001
19	0.828	0.686	0.475	0.331	0.232	0.164	0.116	0.083	0.070	0.060	0.043	0.031	0.023	0.017	0.014	0.012	0.009	0.007	0.003	0.002	0.001	
20	0.820	0.673	0.456	0.312	0.215	0.149	0.104	0.073	0.061	0.051	0.037	0.026	0.019	0.014	0.012	0.010	0.007	0.005	0.002	0.001	0.001	
21	0.811	0.660	0.439	0.294	0.199	0.135	0.095	0.064	0.053	0.044	0.031	0.022	0.015	0.011	0.009	0.008	0.006	0.004	0.002	0.001		
22	0.803	0.647	0.422	0.278	0.184	0.123	0.083	0.056	0.046	0.038	0.026	0.018	0.013	0.009	0.007	0.006	0.004	0.003	0.001	0.001		
23	0.795	0.634	0.406	0.262	0.170	0.112	0.074	0.049	0.040	0.035	0.022	0.015	0.010	0.007	0.006	0.005	0.005	0.002	0.001			
24	0.788	0.622	0.390	0.247	0.158	0.102	0.066	0.043	0.035	0.028	0.019	0.013	0.008	0.006	0.005	0.004	0.003	0.002	0.001			
25	0.780	0.610	0.375	0.235	0.146	0.092	0.059	0.038	0.030	0.024	0.016	0.010	0.007	0.005	0.004	0.003	0.002	0.001	0.001			
26	0.772	0.598	0.361	0.220	0.135	0.084	0.053	0.033	0.026	0.021	0.014	0.009	0.006	0.004	0.003	0.002	0.002	0.001				
27	0.764	0.586	0.347	0.207	0.125	0.076	0.047	0.029	0.023	0.018	0.011	0.007	0.005	0.003	0.002	0.002	0.001	0.001				
28	0.757	0.574	0.333	0.196	0.116	0.069	0.042	0.026	0.020	0.016	0.010	0.006	0.004	0.002	0.002	0.001	0.001	0.001				
29	0.749	0.563	0.321	0.185	0.107	0.063	0.037	0.022	0.017	0.014	0.008	0.005	0.003	0.002	0.002	0.001	0.001	0.001				
30	0.742	0.552	0.308	0.174	0.099	0.057	0.033	0.025	0.015	0.012	0.007	0.004	0.003	0.002	0.001	0.001	0.001	0.001				
40	0.672	0.453	0.208	0.097	0.046	0.022	0.011	0.005	0.004	0.003	0.001	0.001										
50	0.608	0.372	0.241	0.054	0.021	0.009	0.005	0.004	0.001	0.001												

TABLE Q3(a)

FINAL EXAMINATION

SEMESTER/SESSION: SEM I/2013/2014

PROGRAMME : 4 BFF

COURSE NAME : PROJECT FINANCIAL MANAGEMENT

COURSE CODE: BFP 40503

Exide Company	
Cost of goods sold	RM300,000
Accounts payable	RM60,000
Inventory	RM40,000
Accounts receivables	RM50,000
Notes receivables	RM10,000
Cash	RM20,000

TABLE Q4 (a)

YXM Sdn. Bhd.	
Current debt	RM40,000
Accounts payable	RM80,000
Inventory	RM40,000
Accounts receivables	RM20,000
Accrued expenses	RM30,000
Cash	RM200,000
Securities	RM100,000
Cost of goods sold	RM500,000

TABLE Q4 (b)