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**UNIVERSITI TUN HUSSEIN ONN MALAYSIA**

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

COURSE NAME : PROJECT FINANCIAL  
MANAGEMENT  
COURSE CODE : BFP40503  
PROGRAMME : BACHELOR OF CIVIL  
ENGINEERING WITH HONOURS  
DATE : JUNE 2015/JULY 2015  
DURATION : 3 HOURS  
INSTRUCTION : ANSWER **ALL** QUESTIONS

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

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**Q1** (a) Sources of capital can be divided into two (2). List and explain **one (1)** source. (5 marks)

(b) Life cycle cost (LCC) is the cost of an asset, or its parts throughout its life cycle, while fulfilling the performance requirements. Discuss **two (2)** elements in (LCC). (5 marks)

**Q2** (a) A vendor offers three grades of equipment for solving plant problem. Disregarding depreciation and other accounting details, propose the best equipment for the plant. Assume plant life end after 50 years.

**TABLE Q2: Information about Offered Equipment**

Equipment	A	B	C
New cost	RM40,000	RM80,000	RM120,000
Number of failures/year	5	3	1
Cost failure	RM1,000/failure	RM1,500/failure	RM2,000/failure
Overhaul required every	5 year	10year	15year
Each overhaul cost	RM10,000	RM30,000	RM50,000
Operating maintenance cost	RM2.00/hour	RM1.50/hour	RM0.90/hour
Disposal cost	RM5,000	RM5,000	RM5,000

(18 marks)

(b) Measure saving that can be made by the company when choosing equipment proposed in **Q2 (a)** compare with other two equipments. (2 marks)

**Q3** The management of Fine Electronics Company is considering to purchase an equipment to be attached with the main manufacturing machine. The equipment will cost \$6,000 and will increase annual cash inflow by \$2,200. The useful life of the equipment is 6 years. After 6 years it will have no salvage value. The management wants a 20% return on all investments.

(a) Using **Table Q3**, calculate net present value (NPV) of this investment project. (5 marks)

(b) Demonstrate the cash flow diagram. (5 marks)

**Q4** Exide Company sells batteries that are used in vehicles. The current assets and current liabilities as on 31 December, 2014 are given in **Table Q4 (a)**. The YXM Sdn. Bhd. is a consultant company with current assets and current liabilities as on 31 December, 2014 are given in **Table Q4 (b)**.

**TABLE Q4 (A)**

<b>Exide Company</b>	
Cost of goods sold	RM300,000
Inventory	RM40,000
Accounts receivables	RM50,000
Notes receivables	RM10,000

**TABLE Q4 (B)**

<b>YXM Sdn. Bhd.</b>	
Inventory	RM40,000
Accounts receivables	RM20,000
Cash	RM200,000
Securities	RM100,000

(a) Calculate the working capital turnover ratio for Exide Company and YXM Sdn. Bhd.

(8 marks)

(b) Based on calculation from **Q4 (a)**, determine the company with best investment plan.

(2 marks)

- END OF QUESTION -

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