



**UNIVERSITI TUN HUSSEIN ONN
MALAYSIA**

**FINAL EXAMINATION
SEMESTER I
SESSION 2010/2011**

SUBJECT NAME : BUSINESS FINANCE
MANAGEMENT

SUBJECT CODE : BPC 12903

COURSE : 1 BPB

EXAMINATION DATE : NOVEMBER/DISEMBER 2010

DURATION : 3 HOURS

INSTRUCTION : PART A
ANSWER **ALL** QUESTIONS

PART B
ANSWER ONLY **THREE (3)**
QUESTIONS FROM FIVE (5)
QUESTIONS

THIS QUESTION PAPER CONSISTS OF 9 PAGES

PART A (25 marks)

- Q1 Wanyjaya Sdn. Bhd. which is owned by Hj Aminuddin provides IT and multimedia consultation services. The unadjusted Trial Balance of the company as at 30 December 2009 as follows.

**Table Q 1(a) : Wanyjaya Sdn Bhd.'s Unadjusted Trial Balance
as at 30 December 2009**

Description	RM	RM
Cash	23,200	
Utilities Expense	1,450	
Office Equipment	12,520	
Drawings, Hj Aminuddin	2,170	
Capital, Hj Aminuddin		32,500
Revenue		6,840
	39,340	39,340

Table Q 1(b) : Additional information gathered at 31 December 2009

- Paid utilities expense RM550 on cash.
- Received fees revenue RM1700 on cash
- Hj Aminuddin withdrew RM 5,000 of cash for his personal use
- Paid salary amounting RM 2,000 on cash
- Received capital investment from Hj Aminuddin amounting RM 20,000 on cash

- (a) Journalise all the above adjusting entries (explanation is not required).

(7 marks)

- (b) Prepare an adjusted trial balance as at 31 December 2009.
(6 marks)
- (c) Prepare an income statement for the year ended 31 December 2009.
(3 marks)
- (d) Prepare a statement of owner's equity for the year ended 31 December 2009.
(3 marks)
- (e) Prepare a balance sheet as at 31 December 2009.
(6 marks)

PART B (75 marks)

- Q2 Maju Padu Berhad is a company that involves in construction activities. Currently the owner, Rosli Kamaruddin would like to review the status of the company. Below is the set of Financial Statement for Year 2009:-

Table Q 2 (a) : Maju Padu Berhad's Income Statement for the Year Ended 31 December 2009

Description	RM '000	RM '000
Net Sales Revenue		7,500
Less: Cost Of Goods Sold		
Opening Inventory	725	
Add: Purchase	3,740	
Less: Closing Inventory	540	3,925
Gross Profit		<u>3,575</u>
Less: Operating Expenses		<u>2,425</u>
Operating Profit		1,150
Less: Interest Expenses		<u>250</u>
Profit Before Expenses		900
Less: Income Taxes		<u>350</u>
Net Profit After Taxes		550

Table Q 2 (b) : Maju Padu Berhad's Balance Sheet as at 31 December 2009

	RM'000	RM'000
Fixed Assets		
Land		1,250
Plant And Machinery (Net Book Value)		750
		2,000
Current Assets		
Cash	130	
Marketable Securities	30	
Account Receivable	1,150	
Inventories	540	
Total Current Assets		1,850
Total Assets		3,850
Liabilities And Shareholder Equity		
Account Payable	650	
Accruals	300	
Total Current Liabilities		950
Long Term Liabilities		1,165
Total Shareholder Equity		1,735
Total Liabilities And Share Holder Equity		3,850

(a) Calculate Liquidity Ratios and explain in detail its significance

i) Current Ratio (3 marks)

ii) Account Receivable Collection Period (4 marks)

iii) Acid Test Ratio (3 marks)

(b) Calculate Profitability Ratios and briefly explain its significance

i) Gross Profit Margin (3 marks)

ii) Net Profit Margin (4 marks)

iii) Return On Equity (3 marks)

(c) Calculate Leverage Ratios below and explain in brief it's significance

i) Debt Ratio (2.5 marks)

ii) Debt To Equity Ratio (2.5 marks)

- Q3 Farrah, a primary school teacher just received a large amount of money from Employee Provident Fund (EPF) amounting RM 45,000. After having a discussion with her husband, she came out with three options:-

Table Q3

Option 1	To invest the total RM45,000 in Maybank's Fixed Deposit Scheme at 6% for three years, on simple interest basis
Option 2	To invest the total RM45,000 in RHB's Fixed Deposit Scheme at 6% for three years, on compounded interest annually
Option 3	To invest the total RM45,000 in HSBC's investment account which offer interest of 6% for three on compounded interest on semi-annual basis

You are required to:

- (a) Calculate NPV Analysis on finding the future value Option 1. (7 marks)
- (b) Calculate NPV Analysis on finding the future value Option 2. (7 marks)
- (c) Calculate NPV Analysis on finding the future value Option 3. (7 marks)
- (d) Advice Farrah which option will give Farrah the maximum profit, and explain the rational. (4 marks)

- Q4 (a) PTP Berhad has just purchased a newly issued RM 100,000 five year bond at par value. This five year bond pays RM 600 interest semi annually. What is the expected return of this bond?
(8 marks)
- (b) To expand its business, PTP Berhad is selling a bond with par-value of RM 100,000, pays interest at 13% and is scheduled to mature in 15 years. For bond of this risks class, the investor thought that a 14% return should be required. Calculate the value of PTP's bond based on the required rate of return?
(8 marks)
- (c) PTP top management is also considering to purchase a bond that pays RM 400 coupon interest every 6 months, and has 6 years remaining before it matures. Given the required return is 12%, calculate the price that PTP is willing to pay for the bond.
(9 marks)

Q5 SAJ Berhad is currently undergoing expansion for the next 4 years and is not expected to change its cash dividends. Currently, the annual dividend of SAJ Berhad is RM 3. After the expansion is completed, higher earnings are expected to result a 30% increase in the dividends each year for 3 years. After year of 30% growth, the dividend growth rate is expected to be 2% per year forever.

- (a) What the expected annual dividend for the first 4 years? (5 marks)
- (b) What is the expected annual dividend for year 5th till year 8th? (5 marks)
- (c) What is the expected annual dividend for year 9th onwards? (5 marks)
- (d) Assuming SAJ requires a return of 11%, what is SAJ's share today? (10 marks)

END OF QUESTION PAPER