UNIVERSITY COLLEGE TATI (UCTATI)

FINAL EXAMINATION QUESTION BOOKLET	
COURSE CODE	: DTG 2413
COURSE	: MANAGING FINANCIAL RESOURCES
SEMESTER/SESSION	: 2- 2022/2023
DURATION	: 3 HOURS

Instructions:

1. This booklet contains 5 questions. Answer **ALL** questions.
2. All answers should be written in answer booklet.
3. Write legibly and draw sketches wherever required.
4. If in doubt, raise your hands and ask the invigilator.

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO

THIS BOOKLET CONTAINS 7 PRINTED PAGES INCLUDING COVER PAGE

QUESTION 1

Explain the following:

a) **FIVE (5)** different sources of finance available for business in Malaysia. (10 marks)

b) **TWO** (2) advantages and **TWO (2)** disadvantages of each of the sources provided in question 1a. (20 marks)

QUESTION 2

Briefly discuss the following accounting terminologies:

a) Debit (2 marks)

b) Credit (2 marks)

c) Income statement (4 marks)

d) Trial Balance (2 marks)

QUESTION 3

Ali Construction's projected sales for the 7 months of 2022 are as follows:

	Jan	Feb	Mac	Apr	May	Jun	Jul
Sales RM (000)	180	360	540	720	360	360	90

i) The company collects 30% of its sales in the month of sales.

ii) The customers are expected to settle their debts equally in the months following the sales.

iii) Purchases of raw materials are 60% of sales and are made one month in advance.

iv) The payment for purchase is made in the months of sales.

v) Operating expenses will be 10% of the monthly sales.

vi) Other fixed monthly expenses:

Rental	RM	38,000
Utilities	RM	100,000
Insurance	RM	15,000
Depreciation	RM	12,000

vii) Tax payments of RM 38,000 are made at the beginning of each quarter.

viii) Ending cash balance on March 2022 is RM 6,000.

ix) Interest on RM 50,000 loan at 10% is payable every month.

From the information provided, prepare a cash budget for the second quarter of 2022. (20 marks)

QUESTION 4

A company is considering making several investments in the production facilities for the new products with an estimated useful life of four years. The cash inflows and outflows are listed as follows:

Project	A	B	C	D
	RM	RM	RM	RM
Initial investment	900000	1000000	303730	1500000
Cash inflow				
Year 1	120000	400000	100000	10000
Year 2	250000	400000	100000	10000
Year 3	400000	400000	100000	1000000
Year 4	1300000	400000	100000	1000000

The appropriate discount rate of these investments is 12%

Required:

a) Calculate the NPV of each investment and determine whether to accept it or not (assuming the company has unlimited resources)

(12 marks)

b) If the company has limited resources, determine which investment should be accepted by referring to the highest NPV.

(3 marks)

c) Provide **TWO (2)** advantages and **TWO (2)** disadvantages of Net present value method.

(4 marks)

QUESTION 5

Yasmin Holding is evaluating two mutually exclusive projects that require an initial investment of RM 50,000. Only one of which may be selected:

Expected cash inflow:

	Project Y (RM)	Project Z (RM)
Year 1	10,000	15,000
Year 2	20,000	15,000
Year 3	26,000	15,000
Year 4	25,000	15,000
Year 5	15,000	15,000

The cost of capital is 15%.

a) Demonstrate at least **THREE (3)** factors leading to the changes in value of money (9 marks)

b) Calculate the Payback period for both projects. Which project is preferred according to this method? (8 marks)

c) Demonstrate the pros and cons of using payback method. (4 marks)

----------**End of question**----------

APPENDIX A

FORMULAE

$$NPV = \frac{FV_1}{(1+r)^1} + \frac{FV_2}{(1+r)^2} + \frac{FV_3}{(1+r)^3} + \frac{FV_n}{(1+r)^n} - I_0$$

where FV = future value of an investment
n = no. of years
r = Rate of return available on an equivalent risk security in the financial market
I_0 = initial investment

$$IRR = L + \frac{P}{P-N}(H-L)$$

Where L = Discount rate of the low trial
H = Discount rate of the high trial
P = NPV of cash flows of the low trial
N = NPV of cash flows of the high trial

APPENDIX B

APPENDIX B-1 Present value of RM1: $PVIF_{k,n} = (1 + k) - n$

n	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9345	0.9259	0.9174	0.9091
2	0.9803	0.9612	0.9426	0.9246	0.9070	0.8900	0.8734	0.8573	0.8417	0.8264
3	0.9706	0.9423	0.9151	0.8890	0.8638	0.8396	0.8163	0.7938	0.7722	0.7513
4	0.9610	0.9238	0.8885	0.8548	0.8227	0.7921	0.7629	0.7350	0.7084	0.6830
5	0.9515	0.9057	0.8626	0.8219	0.7835	0.7473	0.7130	0.6806	0.6499	0.6209
6	0.9420	0.8880	0.8375	0.7903	0.7462	0.7050	0.6663	0.6302	0.5963	0.5645
7	0.9327	0.8706	0.8131	0.7599	0.7107	0.6651	0.6227	0.5835	0.5470	0.5132
8	0.9235	0.8535	0.7894	0.7307	0.6768	0.6274	0.5820	0.5403	0.5019	0.4665
9	0.9143	0.8368	0.7664	0.7026	0.6446	0.5919	0.5439	0.5002	0.4604	0.4241
10	0.9053	0.8203	0.7441	0.6756	0.6139	0.5584	0.5083	0.4632	0.4224	0.3855
11	0.8963	0.8043	0.7224	0.6496	0.5847	0.5268	0.4751	0.4289	0.3875	0.3505
12	0.8874	0.7885	0.7014	0.6246	0.5568	0.4970	0.4440	0.3971	0.3555	0.3186
13	0.8787	0.7730	0.6810	0.6006	0.5303	0.4688	0.4150	0.3677	0.3262	0.2897
14	0.8700	0.7579	0.6611	0.5775	0.5051	0.4423	0.3878	0.3405	0.2992	0.2633
15	0.8613	0.7430	0.6419	0.5553	0.4810	0.4173	0.3624	0.3152	0.2745	0.2394
16	0.8528	0.7284	0.6232	0.5339	0.4581	0.3936	0.3387	0.2919	0.2519	0.2176
17	0.8444	0.7142	0.6050	0.5134	0.4363	0.3714	0.3166	0.2703	0.2311	0.1978
18	0.8360	0.7002	0.5874	0.4936	0.4155	0.3503	0.2959	0.2502	0.2120	0.1799
19	0.8277	0.6864	0.5703	0.4746	0.3957	0.3305	0.2765	0.2317	0.1945	0.1635
20	0.8195	0.6730	0.5537	0.4564	0.3769	0.3118	0.2584	0.2145	0.1784	0.1486

n	12%	14%	15%	16%	18%	20%	24%	28%	32%	36%
1	0.8929	0.8772	0.8696	0.8621	0.8475	0.8333	0.8065	0.7813	0.7576	0.7353
2	0.7972	0.7695	0.7561	0.7432	0.7182	0.6944	0.6504	0.6104	0.5739	0.5407
3	0.7118	0.6750	0.6575	0.6407	0.6086	0.5787	0.5245	0.4768	0.4348	0.3975
4	0.6355	0.5921	0.5718	0.5523	0.5158	0.4823	0.4230	0.3725	0.3294	0.2923
5	0.5674	0.5194	0.4972	0.4761	0.4371	0.4019	0.3411	0.2910	0.2495	0.2149
6	0.5066	0.4556	0.4323	0.4104	0.3704	0.3349	0.2751	0.2274	0.1890	0.1580
7	0.4523	0.3996	0.3759	0.3538	0.3139	0.2791	0.2218	0.1776	0.1432	0.1162
8	0.4039	0.3506	0.3269	0.3050	0.2660	0.2326	0.1789	0.1388	0.1085	0.0854
9	0.3606	0.3075	0.2843	0.2630	0.2255	0.1938	0.1443	0.1084	0.0822	0.0628
10	0.3220	0.2697	0.2472	0.2267	0.1911	0.1615	0.1164	0.0847	0.0623	0.0462
11	0.2875	0.2366	0.2149	0.1954	0.1619	0.1346	0.0938	0.0662	0.0472	0.0340
12	0.2567	0.2076	0.1869	0.1685	0.1372	0.1122	0.0757	0.0517	0.0357	0.0250
13	0.2292	0.1821	0.1625	0.1452	0.1163	0.0935	0.0610	0.0404	0.0271	0.0184
14	0.2046	0.1597	0.1413	0.1252	0.0985	0.0779	0.0492	0.0316	0.0205	0.0135
15	0.1827	0.1401	0.1229	0.1079	0.0835	0.0649	0.0397	0.0247	0.0155	0.0099
16	0.1631	0.1229	0.1069	0.0930	0.0708	0.0541	0.0320	0.0193	0.0118	0.0073
17	0.1456	0.1078	0.0929	0.0802	0.0600	0.0451	0.0258	0.0150	0.0089	0.0054
18	0.1300	0.0946	0.0808	0.0691	0.0508	0.0376	0.0208	0.0118	0.0068	0.0039
19	0.1161	0.0829	0.0703	0.0596	0.0431	0.0313	0.0168	0.0092	0.0051	0.0029
20	0.1037	0.0728	0.0611	0.0514	0.0365	0.0261	0.0135	0.0072	0.0039	0.0021