



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID :

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Student Name : _____

Course Code & Name : **FIN3133 Strategic Corporate Finance**
 Trimester & Year : January – April 2018
 Lecturer/Examiner : Leow Hon Wei
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
 - PART A (25 marks) : THREE (3) short answer questions. Answers are to be written in the Answer Booklet provided.
 - PART B (75 marks) : FOUR (4) structure answer questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorised materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 4 (Including the cover page)

PART A

: SHORT ANSWER QUESTIONS (25 MARKS)

INSTRUCTION(S)

: Answer **ALL** questions. Write your answers in the AnswerBooklet(s) provided.

Question 1

- (a) Option is a popular hedging investment applied in most of the unit trust firm.
What is call option?

(2 marks)

- (b) List 4 examples of financial instrument that used as an underlying asset in option.

(8 marks)

[Total: 10 marks]

Question 2

Briefly explain the 3 types of efficient market hypothesis.

(9 marks)

[Total: 9 marks]

Question 3

If the market is perfectly efficient, is it good or not? Why?

(6 marks)

[Total: 6 marks]

[Total: 25 marks]

END OF PART A

PART B : STRUCTURE QUESTIONS (75 MARKS)

INSTRUCTION(S) :Answer all **FOUR (4)** questions. Write your answers in the Answer booklet(s) provided.

Question 1

Cash Flow	Nano Test Tubes project	Microsurgery Kits project
Weighted Average Cost of Capital (WACC) = 15%		
Investment	-\$11,000	-\$11,000
Cash flow year 1	2,000	4,000
Cash flow year 2	3,000	4,000
Cash flow year 3	4,000	4,000
Cash flow year 4	5,000	4,000
Cash flow year 5	7,000	4,000

- (a) Calculate the net present value (NPV), payback period (PP), discount payback period.
(15 marks)
- (b) Calculate the internal rate of return (IRR), modified internal rate of return (MIRR) and profitability index (PI).

(15 marks)

[Total: 30 marks]

Question 2

Analyse the capital budgeting results for Nano Test Tubes project and Microsurgery Kits project.
(18 marks)

[Total: 18 marks]

Question 3

In general, financial managers are more concerned with investment decisions relating to real assets such as plant and equipment than with investments in financial assets such as securities. Analyse how does the analysis differ with real-asset investment decisions, especially corporate capital budgeting decisions?

(12 marks)

[Total: 12 marks]

Question 4

Analyse what are the sources of capital should be included when estimate Biocom's WACC?

(15 marks)

[Total: 15 marks]

[Total: 75 marks]

END OF EXAM PAPER