



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

Course Code & Name : **FIN3133 STRATEGIC CORPORATE FINANCE**
 Trimester & Year : JANUARY – APRIL 2019
 Lecturer/Examiner : MR.RAVINDRAN RAMAN
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

- This question paper consists of 2 parts:
PART A (25 marks) : Answer TWO (2) compulsory questions. Answers are to be written in the Answer Booklet provided.
PART B (75 marks) : Answer THREE (3) out of FOUR (4) problem solving and essay questions. Answers are to be written in the Answer Booklet provided.
- Candidates are not allowed to bring any unauthorised materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
- 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.
- 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 = 3 (Including the cover page)

PART A : COMPULSORY QUESTIONS (25 MARKS)

INSTRUCTION (S) : There are **TWO (2)** compulsory questions in this section. Write your answers in the Answer Booklet(s) provided.

Question 1

Discuss the agency problems that exist within a corporation.

(15 marks)

(Total 15 marks)

Question 2

Identify the key stakeholders in a corporate organization and explain their needs and expectation from the organization.

(10 marks)

(Total 10 marks)

END OF PART A

PART B : PROBLEM SOLVING AND ESSAY QUESTIONS (75 MARKS)

INSTRUCTION (S) : There are **FOUR (4)** questions in this section, answer only **THREE (3)** questions. Write your answers in the Answer Booklet(s) provided.

Question 1

In operating a corporate level business there are high possibilities in getting in overtrading. Discuss all the symptoms of overtrading and the remedies which a corporate company be able to overcome it.

(25 marks)

(Total 25 marks)

Question 2

(a) Weighted average cost of capital (WACC) is part of the corporate finance activities. Explain the purposes of calculating the WACC by most corporate firms.

(8 marks)

(b) The target capital structure for ABX Bhd is 40% common stock, 10% preferred stock and 50% debt. If the cost of equity for the firm is 18%, the cost of preferred stock is 10%, the before tax cost of debt is 8%, and the firm's tax rate is 35%, calculate ABX Bhd's weighted average cost of capital.

(7 marks)

(c) Discuss **FOUR (4)** limitations of weighted average cost of capital.

(10 marks)

(Total 25 marks)

Question 3

Suppose you are considering a project with an initial cash outlay of RM80,000 and expected free cash flows of RM20,000 at the end of each year for 6 years. The required rate of return for this project is 10%.

(a) Calculate the project's Payback and discounted payback period? (12 marks)

(b) Calculate the project's Net Present Value (NPV)? (4 marks)

(c) Calculate the project's Profitability Index (PI)? (3 marks)

(d) Calculate the project's Internal rate of return (IRR)? (3 marks)

(e) Is this project acceptable? Explain. (3 marks)

(Total 25 marks)

Question 4

(a) What are the **TWO (2)** main type of foreign exchange market? Explain.

(5 marks)

(b) Discuss the transaction and translation exposure in the perspective of foreign exchange exposure.

(20 marks)

(Total 25 marks)

END OF QUESTION PAPER