



## FACULTY OF BUSINESS

## FINAL EXAMINATION

Student ID (in Figures) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Student ID (in Words) :

---

---

Course Code & Name : **FIN1513 INTRODUCTION TO FINANCE**  
Semester & Year : May - August 2022  
Lecturer/Examiner : Mr Muhammad Firdaus  
Duration : 3 Hours

**INSTRUCTIONS TO CANDIDATES**

- This question paper consists of 2 parts:**  
**PART A (25 marks) : ONE (1) essay question. Answer ALL questions. Answers are to be written in the Answer Booklet provided.**  
**PART B (75 marks) : THREE (3) Problem solving questions. Answer ALL questions. Answers are to be written in the Answer Booklet provided.**
- Candidates are not allowed to bring any unauthorized 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, except for 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 = 5 (Including the cover page)**

**PART A : ONE (1) SHORT ESSAY QUESTION (25 MARKS)**

**INSTRUCTION(S)** : Answer ALL questions. Write your answers in the Answer Booklet(s) provided.

---

**QUESTION 1**

(a) Briefly explain what Agency Problem is and the way to overcome it.

(5 marks)

(b) List down the forms of business organization in Malaysia with **FIVE (5) advantages** and **FIVE (5) disadvantages** of those organizations.

(20 marks)

**[Total: 25 marks]**

**PART B : THREE (3) PROBLEM SOLVING QUESTIONS (75 MARKS)**

**INSTRUCTION(S)** : Answer ALL questions. Write your answers in the Answer Booklet(s) provided.

---

**QUESTION 1**

Calculate all the questions given using appropriate formulas.

- a) You bought a machinery for RM 60,000 and will borrow RM 60,000 from the bank for 6 years. The interest charge is 5% per annum. Using simple interest calculation:
- i. Calculate much interest do you have to pay to the bank (2 marks)
  - ii. Calculate the total payment for your machinery (1 mark)
- b) You bought a plant for RM 560,000 and will borrow RM 500,000 from the bank for 2 years. The interest charge is 4% per annum. Using compounding interest calculates:
- i. Calculate the interest do you have to pay to the bank? (2 marks)
  - ii. Calculate the total payment for your plant? (2 marks)
- c) You invested RM 600 into a local bank's investment product at 7% rate.
- i. Calculate your investment be worth in 6 years (3 marks)
  - ii. Calculate your investment be worth in 5 years (3 marks)
- d) Calculate the present value of RM 600 to be received 9 years today:
- i. If the discount rate is 5%? (3 marks)
  - ii. If the discount rate is 4%? (3 marks)
- e) Ramli, a newly graduated student from MAHSA, needs to borrow RM 8,000 today for his new business. He agrees to pay back loan in lump sum payments 4 years from now. The bank states that the payment will need to be RM 12,965. If Ramli borrows the RM 8,000 from the bank, calculate the interest rate is he paying for his loan.
- (6 marks)

**[Total: 25 marks]**

## **QUESTION 2**

- a) Yuyu Co. pays annual dividend of RM 6.50 for each preferred shares and the investors required rate of return is 4%. Calculate the value of preferred shares  
(3 marks)
- b) Ultron Enterprise pays an annual dividend of RM 11.50 for each preferred stock to investors required rate of return is 5%. Calculate the value of the preferred shares.  
(3 marks)
- c) Winter Corp. pays an annual dividend of RM 44.50 for each preferred shares and the investor required rate of return is 12%. Calculate the value of the preferred stock.  
(3 marks)
- d) Sembrono want to buy preferred shares at Sutra Company. After done little research, he finds out that the shares pay an annual dividend of RM 16 for each share and rate of return is 12%. Calculate the value of common share.  
(3 marks)
- e) Sharukh Trading. paid RM 6.50 annual dividend at the end of last year for its common share. The dividend is expected to grow at 9% and the investors required rate of return is 12%. Calculate the price of the common share.  
(3 marks)
- f) 3 Stooges Partners Corp. paid RM 21.50 annual dividend at the end of last year for its commons share. The dividend is expected to grow at 12% and the investors required rate of return is 15%. Calculate the price of the common share.  
(3 marks)
- g) White Widow Corp. paid RM 123.60 annual dividend at the end of last year for its commons share. The dividend is expected to grow at 6% and the investors required rate of return is 16%. Calculate the price of the common share.  
(3 marks)
- h) Differentiate between common shares or preferred shares.  
(4 marks)

**[Total: 25 marks]**

### **QUESTION 3**

a) SITANBAKS Corporation is considering two mutually exclusive projects. The cash flows associated with those projects are as follows:

- Initial Outlay = RM 8,000
- Internal Rate of Return (IRR) = 8%
- Below is the information of the project name and tenure:

Year	Project A	Project B	Project C
1	2,000	1,000	2,000
2	2,000	2,000	3,000
3	2,000	4,000	4,000
4	2,000	4,000	5,000
5	2,000	5,000	6,000

- i. Calculate each project's payback period?  
(4 marks)
- ii. Calculate each project's net present value?  
(4 marks)
- iii. Calculate Project A internal rate of return?  
(5 marks)
- iv. Explain which project should be accepted? State your reasons.  
(4 marks)
- v. Briefly explain the advantages and disadvantages of using Net Present Value (NPV)?  
(4 marks)

b) Briefly explain the importance of Ethical Financial Behaviors.

(4 marks)

**(Total: 25 marks)**

**-END OF QUESTION PAPER-**