

**FACULTY OF BUSINESS****FINAL EXAMINATION**

Student ID (in Figures) :

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

Student ID (in Words) :

---

---

Course Code & Name : **FIN1513 INTRODUCTION TO FINANCE**  
Semester & Year : May - August 2024  
Lecturer/Examiner : Assoc Professor Dr. Akram Al-Khaled  
Duration : 3 Hours

---

**INSTRUCTIONS TO CANDIDATES**

- This question paper consists of 2 parts:**  
**PART A (60 marks) : Answer all TWO (2) short answer questions. Answers are to be written in the Answer Booklet provided.**  
**PART B (40 marks) : Answer all TWO (2) structured-type 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 = 4 (Including the cover page)**

**PART A : SHORT ANSWER QUESTIONS (60 MARKS)**

**INSTRUCTION(S)** : Answer **ALL TWO (2)** questions. Write your answers in the Answer Booklet (s) provided.

---

**Question 1**

a) Briefly explain the **FIVE (5)** factors that affect the capital structure.

(10 marks)

b) Explain **TWO (2)** implications of the efficient market hypothesis (EMH) for financial decision makers.

(8 marks)

c) Identify **THREE (3)** advantages of using a divisional Weighted Average Cost of Capital (WACC).

(6 marks)

d) Briefly interpret why an ex-dividend date is a required step in the dividend payout process.

(6 marks)

e) Briefly discuss how options apply to capital budgeting. Provide a relevant example to fortify your answer.

(5 marks)

**(Total: 35 marks)**

**Question 2**

a) Explain **FIVE (5)** characteristics of a preferred stock.

(10 marks)

b) Describe **FOUR (4)** characteristics of a bond which require to be known by each investor prior to investing their fund in the bond market.

(8 marks)

c) Differentiate between primary market and secondary market. Provide a relevant example for each to support your answer.

(7 marks)

**(Total: 25 marks)**

**End of Part A**

**PART B : STRUCTURED-TYPE QUESTIONS (40 MARKS)****INSTRUCTION(S)** : Answer **ALL TWO (2)** questions. Write your answers in the Answer Booklet (s) provided.**Question 1**

Presume that the following two independent investment opportunities are available to Green Energy Inc. The appropriate discount rate is 10%.

Year	Project Blue (RM)	Project Red (RM)
0	(2,300)	(3,900)
1	1,200	800
2	1,100	2,300
3	900	2,900

**Required:**

a) Calculate the profitability index for each of the **TWO (2)** projects.

(15 marks)

b) Describe the profitability index and appraise which project should Green Energy accept based on the profitability index rule.

(10 marks)

**(Total: 25 marks)**

**Question 2**

From the accounts of Globex Corporation shown below:

	31/12/2022 (RM)	31/12/2023 (RM)
Accumulated Depreciation	2,020	2,670
Accounts Payable	1,800	2,060
Accounts Receivable	2,480	2,690
Cash	1,300	1,090
Common Stock	4,990	4,990
Inventory	5,800	6,030
Long-Term Debt	7,800	8,200
Plant, Property & Equipment	8,400	9,200
Retained Earnings	1,370	1,090

**Required:**

a) Calculate the net working capital for the years ending 2022 and 2023.

(12 marks)

b) Calculate the change in net working capital for the year 2023.

(3 marks)

**(Total: 15 marks)**

**END OF EXAMINATION PAPER**