



**FACULTY OF BUSINESS**

**FINAL EXAMINATION**

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Course Code & Name : **FIN1513 Introduction to Finance**  
Semester & Year : September – December 2024  
Lecturer/Examiner : Wan Ahmad Asrar Nik @ Wan Yahya  
Duration : 3 Hours

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**INSTRUCTIONS TO CANDIDATES**

1. This question paper consists of 2 parts:  
PART A (60 marks) : **FOUR (4) short answer questions. Answers are to be written in the Answer Booklet provided.**  
PART B (40 marks) : **TWO (2) structured-type questions. Answers are to be written in the Answer Booklet provided.**
2. Candidates are not allowed to bring any unauthorized 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.

**PART A**  
**INSTRUCTION (S)**

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

: Answer **ALL FOUR (4)** short answer questions.

Write your answers in the Answer Booklet (s) provided.

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**Question 1**

- a. Define financial management. (2 marks)
- b. Identify **FIVE (5)** activities in generating cash flow from day-to-day business operations. (5 marks)
- c. Describe **THREE (3)** roles of finance in business. (6 marks)
- d. State **TWO (2)** advantages of the company form of business organization. (2 marks)

**[Total: 15 marks]**

**Question 2**

- a. State **FOUR (4)** characteristics of preferred stocks. (4 marks)
- b. Explain the difference between money market and capital market. (4 marks)
- c. The market price is RM900 for a 10-year bond that pays 8 percent coupon semiannually. Determine the bond's expected rate of return. (4 marks)

**[Total: 12 marks]**

**Question 3**

- a. Define time value of money. (2 marks)
- b. Compute the future value (FV) of RM100 in 2 years compounded annually at interest rate of 6 percent. (4 marks)
- c. Compute the future value (FV) of RM500 if it is deposited in the bank every year for 5 years compounded at 6 percent. (3 marks)
- d. If you want to finance a new machinery with a purchase price of RM6,000 at an interest rate of 15 percent over 4 years, compute your annual payments. (5 marks)
- e. Explain the difference between ordinary annuity and annuity due. (4 marks)

**[Total: 18 marks]**

**Question 4**

- a. If a company sells new stock for RM50.00 a share and incurs RM5.00 in flotation costs, and the investors have a required rate of return of 15 percent, compute the cost of capital. (3 marks)
- b. A company expects dividends this year to be RM1.10, based upon the fact that RM1 were paid last year. The firm expects dividends to grow 10 percent next year and into the foreseeable future. Stock is trading at RM35.00 a share at RM3.00 floating cost. Compute the costs of retained earnings and new stocks. (6 marks)
- c. Based on the table below, a project with an initial outlay of RM2000,000 in new machinery investment and a 13 percent required rate of return (RRR). Compute the net present value (NPV) for the project, and determine whether the project is feasible or not. (6 marks)

<b>Year</b>	<b>Free Cash Flow</b>
Initial Outlay	-RM2,000,000
1	RM500,000
2	RM500,000
3	RM500,000

**[Total: 15 marks]**

**END OF PART A**

**PART B****: STRUCTURED-TYPE QUESTIONS (40 MARKS)****INSTRUCTION (S)**: Answer **ALL TWO (2)** structured-type questions.

Write your answers in the Answer Booklet (s) provided.

**Question 1**

As the financial advisor for Berjaya Raya Berhad, you are required to conduct a trend analysis before presenting the financial position of the company in the upcoming meeting based on the financial statements below:

Berjaya Raya Berhad  
Balance Sheet as at 31 December 2023

	RM (000)		RM (000)
Cash	3,500	Account Payable	56,000
Account Receivable	63,000	Other Current Liabilities	13,800
Inventories	54,500	Long-term Debt	35,200
Prepaid Expenses	3,200	Ordinary Shares	21,800
Fixed Assets	91,200	Retained Earnings	88,600
<b>Total Assets</b>	<b>215,400</b>	<b>Total Liabilities &amp; Equities</b>	<b>215,400</b>

Berjaya Raya Berhad  
Income Statement for The Year Ended 31 December 2023

	RM (000)
Sales (100% on Credit)	470,200
Cost of Goods Sold	<u>345,000</u>
Gross Profit	125,200
<u>Less: Operating Expenses</u>	56,500
Depreciation Expenses	4,500
Interest Expenses	6,800
Earnings Before Taxes	<u>57,400</u>
<u>Less: Taxes</u>	36,200
Net Income	21,200

Financial Ratios for The Year 2022

Current Ratio	3.8 x	Gross Profit Margin	35%
Quick Ratio	0.7 x	Return on Assets	6%
Account Receivable Collection Period	70 days	Debt ratio	50%
Inventory Turnover	4.3 x	Times Interest Earned	6.1 x

- a. Compute the 2023 financial ratios as found in 2022 for Berjaya Raya Berhad. (12 marks)
- b. Prepare the trend analysis based on the computed ratios. (8 marks)

**[Total: 20 marks]**

**Question 2**

In October 2024, Berjaya Ria Sdn. Bhd. is estimating its funding needs for the year 2025. The company's sales and financial information forecast are as follows:

Month/ Year	Sales (RM)	Month/ Year	Sales (RM)
November 2024	160,000	March 2025	150,000
December 2024	170,000	April 2025	190,000
January 2025	180,000	May 2025	270,000
February 2025	185,000	June 2025	206,000

30 percent of the company's sales collection is collected in the month of sales, 60 percent is collected one month after sales and the remainder is collected two months after sales.

Purchases are made one month prior to sales. Purchases of raw materials are 70 percent of sales. The suppliers are paid one month after the purchases.

Operating expenses will be 10 percent of the monthly sales. Other fixed monthly expenses for rent, salaries and depreciation are RM13,000, RM20,000 and RM16,000 respectively.

Tax deposit of RM15,000 is made beginning January 2025.

A quarterly dividend of RM33,000 will be received at the end of each quarter.

Forecasted ending cash balance for 31 December 2024 is RM40,000 and the minimum balance of RM30,000 must be maintained every month.

Based on the above information, prepare a cash budget for the four-month period ending 30 April 2025. (20 marks)

**[Total: 20 marks]**

**END OF EXAM PAPER**