UNIVERSITY COLLEGE TATI (UCTATI)

FINAL EXAMINATION QUESTION BOOKLET	
COURSE CODE	: DTG 2413
COURSE	: MANAGING FINANCIAL RESOURCES
SEMESTER/SESSION	: 2- 2023/2024
DURATION	: 3 HOURS

Instructions:

1. This booklet contains 5 questions. Answer **ALL** questions.
2. All answers should be written in answer booklet.
3. Write legibly and draw sketches wherever required.
4. If in doubt, raise your hands and ask the invigilator.

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO

THIS BOOKLET CONTAINS 6 PRINTED PAGES INCLUDING COVER PAGE

QUESTION 1

Syira and Aliya are opening a restaurant to be named Delicious Restaurant. They need outside capital to buy tools and equipment and also to run day-to-day business. As a management consultant, they come to you for advice. Write a report to demonstrate:

a) **FIVE (5)** alternative sources of finance available for the business. (10 marks)

b) **TWO (2)** advantages and **TWO (2)** disadvantages of each alternative source that you provided in question 1(a) above. (10 marks)

c) **THREE (3)** factors to consider when choosing a source of finance. (9 marks)

QUESTION 2

Ariesa Construction's projected sales for the 7 months of 2022 are as follows:

	Jan	Feb	Mac	Apr	May	Jun	Jul
Sales RM (000)	180	360	540	720	360	360	90

i) The company collects 30% of its sales in the month of sales.

ii) The customers are expected to settle their debts equally in the months following the sales.

iii) Purchases of raw materials are 60% of sales and are made one month in advance.

iv) The payment for purchase is made in the months of sales.

v) Operating expenses will be 10% of the monthly sales.

vi) Other fixed monthly expenses:

Rental	RM	38,000
Utilities	RM	100,000
Insurance	RM	15,000
Depreciation	RM	12,000

vii) Tax payments of RM 38,000 are made at the beginning of each quarter.

viii) Ending cash balance on March 2022 is RM 6,000.

ix) Interest on RM 50,000 loan at 10% is payable every month.

From the information provided, prepare a cash budget for the second quarter of 2022. (14 marks)

QUESTION 3

Red Velvet Holding is evaluating two mutually exclusive projects that require an initial investment of RM 50,000. Only one of which may be selected:

Expected cash inflow:

	Project Y (RM)	Project Z (RM)
Year 1	10,000	15,000
Year 2	20,000	15,000
Year 3	26,000	15,000
Year 4	25,000	15,000
Year 5	15,000	15,000

The cost of capital is 15%.

a) Calculate the Payback period for both projects. Which project is preferred according to this method? (4 marks)

b) Calculate the Net present value for both projects. Which project is preferred according to this method? (8 marks)

c) Calculate the Internal Rate of return for project Y. (4 marks)

d) Produce an analysis of the pros and cons of each method that has been used in this investment appraisal. (12 marks)

QUESTION 4

"Financial statements provide a comprehensive overview of the organization's financial health and performance, allowing stakeholders to make informed decisions about its future"

Define financial statements and explain their primary purpose in business. Provide examples of the three main financial statements and briefly describe the information each statement conveys. (20 marks)

QUESTION 5

"Financial statement analysis enables you to assess the financial health of a company by examining its income statements, balance sheets, and cash flow statements. By analyzing these documents, trends and patterns that reveal key insights into a company's performance can be identified"

Provide at least **THREE (3)** examples of financial ratios and describe what each ratio measures. (9 marks)

----------End of question----------

APPENDIX A

FORMULAE

$$NPV = \frac{FV_1}{(1+r)^1} + \frac{FV_2}{(1+r)^2} + \frac{FV_3}{(1+r)^3} + \frac{FV_n}{(1+r)^n} - I_0$$

where FV = future value of an investment
n = no. of years
r = Rate of return available on an equivalent risk security in the financial market
I_0 = initial investment

$$IRR = L + \frac{P}{P-N}(H-L)$$

Where L = Discount rate of the low trial
H = Discount rate of the high trial
P = NPV of cash flows of the low trial
N = NPV of cash flows of the high trial

APPENDIX B

APPENDIX B-1 Present value of RM1: $PVIF_{k,n} = (1 + k) - n$

n	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259	0.9174	0.9091
2	0.9803	0.9612	0.9426	0.9246	0.9070	0.8900	0.8734	0.8573	0.8417	0.8264
3	0.9706	0.9423	0.9151	0.8890	0.8638	0.8396	0.8163	0.7938	0.7722	0.7513
4	0.9610	0.9238	0.8885	0.8548	0.8227	0.7921	0.7629	0.7350	0.7084	0.6830
5	0.9515	0.9057	0.8626	0.8219	0.7835	0.7473	0.7130	0.6806	0.6499	0.6209
6	0.9420	0.8880	0.8375	0.7903	0.7462	0.7050	0.6663	0.6302	0.5963	0.5645
7	0.9327	0.8706	0.8131	0.7599	0.7107	0.6651	0.6227	0.5835	0.5470	0.5132
8	0.9235	0.8535	0.7894	0.7307	0.6768	0.6274	0.5820	0.5403	0.5019	0.4665
9	0.9143	0.8368	0.7664	0.7026	0.6446	0.5919	0.5439	0.5002	0.4604	0.4241
10	0.9053	0.8203	0.7441	0.6756	0.6139	0.5584	0.5083	0.4632	0.4224	0.3855
11	0.8963	0.8043	0.7224	0.6496	0.5847	0.5268	0.4751	0.4289	0.3875	0.3505
12	0.8874	0.7885	0.7014	0.6246	0.5568	0.4970	0.4440	0.3971	0.3555	0.3186
13	0.8787	0.7730	0.6810	0.6006	0.5303	0.4688	0.4150	0.3677	0.3262	0.2897
14	0.8700	0.7579	0.6611	0.5775	0.5051	0.4423	0.3878	0.3405	0.2992	0.2633
15	0.8613	0.7430	0.6419	0.5553	0.4810	0.4173	0.3624	0.3152	0.2745	0.2394
16	0.8528	0.7284	0.6232	0.5339	0.4581	0.3936	0.3387	0.2919	0.2519	0.2176
17	0.8444	0.7142	0.6050	0.5134	0.4363	0.3714	0.3166	0.2703	0.2311	0.1978
18	0.8360	0.7002	0.5874	0.4936	0.4155	0.3503	0.2959	0.2502	0.2120	0.1799
19	0.8277	0.6864	0.5703	0.4746	0.3957	0.3305	0.2765	0.2317	0.1945	0.1635
20	0.8195	0.6730	0.5537	0.4564	0.3769	0.3118	0.2584	0.2145	0.1784	0.1486

n	12%	14%	15%	16%	18%	20%	24%	28%	32%	36%
1	0.8929	0.8772	0.8696	0.8621	0.8475	0.8333	0.8065	0.7813	0.7576	0.7353
2	0.7972	0.7695	0.7561	0.7432	0.7182	0.6944	0.6504	0.6104	0.5739	0.5407
3	0.7118	0.6750	0.6575	0.6407	0.6086	0.5787	0.5245	0.4768	0.4348	0.3975
4	0.6355	0.5921	0.5718	0.5523	0.5158	0.4823	0.4230	0.3725	0.3294	0.2923
5	0.5674	0.5194	0.4972	0.4761	0.4371	0.4019	0.3411	0.2910	0.2495	0.2149
6	0.5066	0.4556	0.4323	0.4104	0.3704	0.3349	0.2751	0.2274	0.1890	0.1580
7	0.4523	0.3996	0.3759	0.3538	0.3139	0.2791	0.2218	0.1776	0.1432	0.1162
8	0.4039	0.3506	0.3269	0.3050	0.2660	0.2326	0.1789	0.1388	0.1085	0.0854
9	0.3606	0.3075	0.2843	0.2630	0.2255	0.1938	0.1443	0.1084	0.0822	0.0628
10	0.3220	0.2697	0.2472	0.2267	0.1911	0.1615	0.1164	0.0847	0.0623	0.0462
11	0.2875	0.2366	0.2149	0.1954	0.1619	0.1346	0.0938	0.0662	0.0472	0.0340
12	0.2567	0.2076	0.1869	0.1685	0.1372	0.1122	0.0757	0.0517	0.0357	0.0250
13	0.2292	0.1821	0.1625	0.1452	0.1163	0.0935	0.0610	0.0404	0.0271	0.0184
14	0.2046	0.1597	0.1413	0.1252	0.0985	0.0779	0.0492	0.0316	0.0205	0.0135
15	0.1827	0.1401	0.1229	0.1079	0.0835	0.0649	0.0397	0.0247	0.0155	0.0099
16	0.1631	0.1229	0.1069	0.0930	0.0708	0.0541	0.0320	0.0193	0.0118	0.0073
17	0.1456	0.1078	0.0929	0.0802	0.0600	0.0451	0.0258	0.0150	0.0089	0.0054
18	0.1300	0.0946	0.0808	0.0691	0.0508	0.0376	0.0208	0.0118	0.0068	0.0039
19	0.1161	0.0829	0.0703	0.0596	0.0431	0.0313	0.0168	0.0092	0.0051	0.0029
20	0.1037	0.0728	0.0611	0.0514	0.0365	0.0261	0.0135	0.0072	0.0039	0.0021