UNIRAZAK
UNIVERSITI TUN ABDUL RAZAK

FINAL EXAMINATION
MARCH 2024

MATRIC	
SECTION	
SEATING NO	
COURSE TITLE	FINANCING FOR ENTREPRENURSHIP
COURSE CODE	RENT4614
DATE/DAY	19 JUNE 2024 / WEDNESDAY
TIME/DURATION	02:00 PM - 04:00 PM / 02 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES :

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the Invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of **9** Printed Pages including front page)

DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

ATTENDANCE SLIP

NAME		DATE	
MATRIC NO		SECTION	
PROGRAMME			
COURSE TITLE			
COURSE CODE		SEATING NO	SIGNATURE

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This Question Paper Comprises of ONE Section. **(50 MARKS)**
Question 1 is a COMPULSORY question. You are required to choose **TWO (2)** other questions. **Answer ALL questions in the question paper.**

QUESTION 1 (10 Marks)

Describe the information that can be extracted from Cash Flow Forecasting and its' importance to company's financial decisions.

QUESTION 2 (20 Marks)

The following is a Statement of Comprehensive Income of a public listed company for the Financial Year (FY) of 2022 and 2023.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 30 June 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	4	654,952	810,770	87,078	145,177
Cost of sales	5	(605,366)	(535,987)	(49,711)	(66,442)
Gross profit		249,586	274,783	37,367	78,735
Other item of income					
Other income	6	16,451	22,105	29,711	60,736
Other items of expense					
Selling expenses		(22,462)	(17,720)	(4,109)	(4,471)
Administrative expenses		(38,834)	(37,379)	(20,913)	(15,771)
Other expenses		(12,912)	(7,612)	(13,386)	(66,318)
Finance costs	7	(25,032)	(33,619)	(20,486)	(16,619)
Profit before tax	8	166,797	200,558	8,184	36,292
Income tax expense	11	(14,995)	(66,145)	1,429	(1,017)
Profit net of tax		151,802	134,413	9,613	35,275

a) Calculate **TWO (2) Profitability ratios** for FY 2022 and 2023 from the Company's data.

(10 marks)

Type of Ratio	FY 2022	FY 2023

b) Discuss your findings on the ratios calculated in Part a), and how would help the company to make a better financial decision in FY2024. (10 marks)

QUESTION 3 (20 Marks)

XYZ Enterprise wishes to accumulate RM300,000 for its project expansion in 5 years. The fund is to be placed into an account that pays 5.12% p.a., compounded monthly.

a) Calculate the amount that needs to be deposited today to have sufficient funds accumulated. (3 marks)

b) If the company decides to place a monthly deposit of RM6,000 to accumulate the same amount in 4 years instead of 5 years at the same interest rate, will it be sufficient for the expansion project? (Show your calculations). (5 marks)

c) The company wishes to buy property for RM650,000. The loan from Bank M is 90%, tenure of 5 years at a rate of 4.55% p.a., annual instalment. Calculate the annual instalment amount and complete the loan amortization schedule for the 5-year period. (12 marks)

Loan Amortization Table:

Period	Instalment (RM)	Principal (RM)	Interest (RM)	Outstanding Balance of the Period (RM)
1				
2				
3				
4				
5				

QUESTION 4   (20 Marks)

INXS Sdn Bhd is assessing an investment project. The following are the details:

Initial Outlay: RM250,000
Cash Flows:

Year 1	Year 2	Year 3	Year 4
RM63,000	RM129,700	RM200,000	40% of the initial outlay

Cost of Capital: 6.74%

a) Complete the following table.   (10 marks)

Year	Operating Cash Flow (OCF) (RM)	Present Value (PV) (RM)
0		
1		
2		
3		
4		
Total		

b) Calculate the project's **Payback Period, Discounted Payback Period and Net Present Value.**   (10 marks)

***   END OF QUESTION PAPER   ***

FORMULA SHEET

Capital Budgeting	Payback Period = BY + $\frac{UC}{CF}$
	BY = the year before full recovery UC = the unrecovered cost at start of year CF = the cash flow during the year Net Present Value $$NPV = \frac{\Sigma \text{ Annual Cash Flow}}{(1+k)^t} - \text{Initial Investment}$$ Internal Rate of Return: IRR $$IRR = A + \left\{ \frac{a}{a-b} \times (B-A) \right\}$$ A = one of the discounting rate B = the other discounting rate a = the NPV at discounting rate A b = the NPV at discounting rate B Profitability Index (PI) $$PI = \frac{\text{Present value of Future Net Cash Inflows}}{\text{Initial Outlays}}$$

Common Financial Ratios:

Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	Inventory Turnover	$\frac{\text{Cost of Goods Sold}}{\text{Inventory}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$	Receivables Turnover	$\frac{\text{Sales}}{\text{Accounts receivables}}$
Total Debt Ratio	$\frac{\text{Total Debts}}{\text{Total Assets}} \times 100\%$	Average Collection Period	$\frac{\text{Receivables}}{(\text{Annual Credit Sales}/ 360)}$
Times Interest Earned Ratio	$\frac{\text{EBIT}}{\text{Interest Expense}}$	Fixed Assets Turnover	$\frac{\text{Sales}}{\text{Fixed Assets}}$
Net Profit Margin	$\frac{\text{Net Income}}{\text{Sales}} \times 100\%$	Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$
Return on Equity	$\frac{\text{Net Income}}{\text{Total Equity}} \times 100\%$	Total Assets Turnover	$\frac{\text{Sales}}{\text{Total Assets}}$
Operating Profit Margin	$\frac{\text{Operating profit}}{\text{Sales}} \times 100\%$	Earning Per Share	$\frac{\text{Net income}}{\text{Number of common share outstanding}}$

Time Value of Money Formula

TABLE 5-13	Summary of Time Value of Money Equations[a]
CALCULATION	**EQUATION**
Future value of a single payment	$FV_n = PV(1 + i)^n = PV(FVIF_{i,n})$
Present value of a single payment	$PV = FV_n\left[\dfrac{1}{(1+i)^n}\right] = FV_n(PVIF_{i,n})$
Future value of an annuity	$FV \text{ of an annuity} = PMT\left[\dfrac{FVIF_{i,n}-1}{i}\right] = PMT\left[\dfrac{(1+i)^n-1}{i}\right] = PMT(FVIFA_{i,n})$
Present value of an annuity	$PV \text{ of an annuity} = PMT\left[\dfrac{1-PVIF_{i,n}}{i}\right] = PMT\left[\dfrac{1-(1+i)^{-n}}{i}\right] = PMT(PVIFA_{i,n})$
Future value of an annuity due	$FV_n(\text{annuity due}) = PMT(FVIFA_{i,n})(1 + i)$
Present value of an annuity due	$PV(\text{annuity due}) = PMT(PVIFA_{i,n})(1 + i)$
Future value of a single payment with nonannual compounding	$FV_n = PV\left(1+\dfrac{i}{m}\right)^{mn}$
Present value of a perpetuity	$PV = \dfrac{PP}{i}$

Notations:
FV_n = the future value of the investment at the end of n years
n = the number of years until payment will be received or during which compounding occurs
i = the annual interest or discount rate
PV = the present value of the future sum of money
m = the number of times compounding occurs during the year
PMT = the annuity payment deposited or received at the end of each year
PP = the constant dollar amount provided by the perpetuity

[a] Related tables appear in Appendixes B through E at the end of the book.