CONFIDENTIAL

UNIVERSITY COLLEGE TATI

# UNIVERSITY COLLEGE TATI (UCTATI)

## FINAL EXAMINATION QUESTION BOOKLET

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| COURSE CODE | : BBM 1103 |
| COURSE TITLE | : FINANCIAL MANAGEMENT |
| SEMESTER/SESSION | : 2- 2022/2023 |
| 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 hand and ask the invigilator.

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

**THIS BOOKLET CONTAINS 3 PRINTED PAGES INCLUDING COVER PAGE**

## QUESTION 1

***Accounting reports and financial statements are as revealing of the HEALTH OF A BUSINESS as pulse rate and blood pressure reports are in revealing the health of a person.***

By considering the above statements, demonstrate the important of different financial statements for different users of financial information. (20 marks)

## QUESTION 2

a) Outline **SIX (6)** objectives of a budgetary planning and decision making. (12 marks)

b) Provide at least **FOUR (4)** reasons for producing a cash flow. (8 marks)

## QUESTION 3

Wawa 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 |

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) Analyse the pros and cons of each method that has been used in this investment appraisal. (8 marks)

## QUESTION 4

The management of cash resources should not be only in a position to afford liquidity but also it should not require the firm to keep the cash resources simply idle; which should be invested in the marketable securities to earn some rate of return whenever the firm feel excessive holding of cash resources.

Based on the above statements, outline the following:

a) **FOUR (4)** motives of holding cash (8 Marks)

b) **TWO (2)** objectives of Cash Management (4 marks)

c) **FOUR (4)** basic problems of Cash Management (8 Marks)

## QUESTION 5

a) What do you understand by valuation and outline at least **FIVE (5)** reasons of why there is a need for valuation. (12 marks)

c) Outline at least **FOUR (4)** main objectives of corporate valuation. (8 marks)

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