

FINAL

ALTERNATIVE ASSESSMENT

(COVER PAGE)

Session : April 2020

Programme : Diploma in Finance (DFIN)

Course : FIN1150: Finance Principles

Date of Examination : 2nd August 2020 (Sunday)

Time : 12:00pm – 2:30pm Reading Time : Nil

Duration : 2 Hours 30 Minutes

Special Instructions :

This paper consists of **FOUR (4)** questions. Answer **ALL** questions. All questions carry equal marks.

Material permitted : Non-Programmable Calculator

Materials provided : NIL

Examiner(s) : Ms. Ainul Zariney binti Aziz

Moderator : Dr. Asri Osman

This paper consists of 4 printed pages, including the cover page

DIPLOMA IN FINANCE (DFIN)
 FIN1150: FINANCE PRINCIPLES
 FINAL ALTERNATIVE ASSESSMENT: APRIL 2020 SESSION
 DURATION: 2 HOURS 30 MINUTES

Instruction: This paper consists of **FOUR (4)** questions. Answer **ALL** questions. All questions carry equal marks.

Question 1

- (a) Discuss **FIVE (5)** user groups who might be interested in getting information from the financial statements and why they need it. (10 marks)
- (b) You have been appointed as Finance Manager of your company. In a yearly pre-budget meeting that are attended by Marketing Manager, Production Manager, and the CEO of the company, you have been asked on what long-term investments or projects should the company take on, how should the company pay for the assets, and how do the company manage the day-to-day finances. Solve these questions by applying the **THREE (3)** financial manager's key decisions. (15 marks)

(Total: 25 marks)

Question 2

- (a) Following are the key ratios of SWS Berhad.

| | SWS Key Ratios | | Industry Norm |
|---------------------------|----------------|------------|---------------|
| | 2016 | 2017 | |
| Current ratio | 5 | 5.35 | 5.00 |
| Acid-test (Quick ratio) | 2.7 | 2.63 | 3.00 |
| Inventory turnover | 2.4 times | 1.46 times | 2.20 |
| Average collection period | 131 days | 108 days | 90 days |

Based on the above information, answer questions below.

- (i) Using Time-Series Analysis, comment on the liquidity position of SWS Berhad. Discuss **ONE (1)** factor generally contributing to similar result. (7 marks)
- (ii) Using Time-Series Analysis, comment on the efficiency of SWS Berhad in managing the inventory. Discuss **TWO (2)** factor generally contributing to similar result. (8 marks)
- (b) Lulu's Pies is looking for financing to improve their business. As Lulu's Pies expecting high receivables, owner is considering Factoring. As a banker, explain to the owner what Factoring is and advice **TWO (2)** advantages and **TWO (2)** disadvantages of choosing this type of financing. (10 marks)

(Total: 25 marks)

Question 3

- (a) For each of the following, complete the missing values.

| Present Value | Years | Interest Rate | Future Value |
|---------------|-------|---------------|--------------|
| \$183,796 | 8 | 7% | ? |
| \$38,261 | 30 | ? | \$531,618 |
| \$810 | ? | 10% | \$4,341 |

(11 marks)

- (b) List and name all **FOUR (4)** variables of present value formula. (4 marks)
- (c) Microgates Co. bond has 10% coupon rate and RM1000 face value. Interest is paid semi-annually, and the bond has 20 years maturity. If investors require 12% yield, calculate the bond's value. (6 marks)
- (d) Use bond as reference, define the following terms:
- (i) Coupon rate (2 marks)
- (ii) Yield-to-Maturity (2 marks)

(Total: 25 marks)

Question 4

- (a) Malaysia is largely seen as a global leader and has a strong agenda for its banking and finance related activities. This outcome did not happen overnight. It has taken many players. Identify any **FOUR (4)** components that contributes to a conducive financial system. (8 marks)
- (b) You are working as a Certified Financial Planner. Your friend, Sandra is sharing with you on how she has spent lavishly on her monthly salary, and she afraid that she might not have enough saving for her wedding next year. Explain to Sandra **FOUR (4)** benefits of having a good financial planning. (8 marks)
- (c) List and discuss any **THREE (5)** consumer credit financing that a person could go for in a case where bank refuse for further increase in their overdraft limit. (9 marks)

(Total: 25 marks)

~ The End ~