	MARK/NOTES
Question 1(a)(i) State **FIVE (5)** roles of financial manager.	[5 marks]
Answer *Planning and analysis* √ *Investment decision* √ *Financing decision* √ *Monitoring and controlling* √ *Involvement in financial market* √	√=1 mark Total = 5 marks
Question 1(a)(ii) Explain **TWO (2)** objectives of business goals.	[5 marks]
Answer	Max 2.5 marks each
Maximize profit √ *where temporary or short-term approach* √*. The consideration base on unique of product and popular demand trend* √*	3.5m
Maximize wealth √ *where involve long term approach to ensure the survival of performance company* √*	2.5m
Question 1(b) Explain **TWO (2)** functions of financial intermediaries.	[5 marks]
Answer	Choose any two, 2.5 marks each
Supply liquidity and resources fund √ *by variety option product * that able fulfill the customer need/*	2.5m
Provide saving, safekeeping and services to the payment system √* *for individual or organization* √	2.5m
Provide ways to diversify investments √ *either fixed or flexible return* √ *or provide services as broker for share market **	2.5m
Question 1(c) Write the concept for each principle used in Islamic finance below:	[10 marks]
(i) Mudarabah – *sharing the profit & loss with venture capital.* √ *The term refers contact which party brings capital* √ *and the other personal effort**	2.5m
(ii) Sukuk – *a financial certificate*. Represent proportionate beneficial ownership in the underlying tangible asset* √ *of particular projects or investment activity* √	2.5m
(iii) Ijarah – *a lease contract* that transfers the ownership of a usufruct of an asset to another person* √ *for a specified period in exchange for a specified* √	2.5m
(iv) Takaful – *Islamic insurance wherein members contribute money into pool system* √ *to guarantee each other against loss or damage* √*	2.5m

	MARK/NOTES
Question 2(a)(i) Define time value of money	[2 marks]
Answer *Ringgit on hand today is worth more than a dollar promised in the future for the same sum of money. √ This is because of the earnings potential √ but also possible risk might be happened in future √*	Max 2m
Question 2(a)(ii) State **THREE (3) information** required in using the time value of money formula	[3 marks]
Answer *Interest rate and method √, period or duration √, present or future value √*	3m
Question 2(b)(i) Deposit RM20,000 in Bank A for 3 years at 4% interest per annum compounded annually. Report the withdrawal value	[3 marks]
Answer $RM20000\ (1 + 0.04)^3$ √ $= RM20000\ (1.1249)$ √ $= RM22,498$ √	3m
Question 2(b)(ii) Express the amount should invest in Bank A for 5 years at 5% interest per annum compounded semi-annual if target amount withdrawal is RM50,000	[4 marks]
Answer $RM50000 = P(1 + 0.05/2)^{5(2)}$√ √ $= RM50000 /1.28$ √ $= RM39,062.50$ √	4m
Question 2(b)(iii) Report the amount withdrawal at end Year-5 if deposit RM800 on beginning Year-1 and continues with same amount at the end of each year until Year-4 with 1.9% interest per annum compounded annually	[4 marks]
Answer $RM800([(1 + 0.019)^5 - 1]/0.019)(1.019)$ √√ $= RM800(5.1936)(1.019)$ √ $= RM4,233.82$ √	3m 1m
Question 2(b)(iv) Express monthly payment if total payment RM150,000 at end Year-10 with interest 6% per annum compounding monthly	[4 marks]
Answer $RM150000 = P[(1 + 0.06/12)^{10(12)} - 1/0.005]$ √√ $P = RM150000 / 163.8793$ √ $= RM915.31$ √	2m 2m
Question 2(c) Mr. Razlan has two financing options for RM10,000 as follows: Bank AA : 7% interest per annum compounding semi-annually. Bank BB : 6.5% interest per annum compounding quarterly with RM50 upfront fee.	[5 marks]

You are required to provide suggestion for the best option

Answer

EAR Bank AA = $(1+0.07/2)^2 - 1$√ = 0.07123 = 7.12% √ — 2m

EAR Bank BB = (6.5% x RM10K) + RM50 / RM10000 √ *= 0.07 = 7%* √ — 2m

Choose Bank BB √ — 1m

QUESTION 3

CLO1 C1

a) Define Systematic Risk.

Also known as non-diversible risk/market risk. √

Attribute to market factors that affect all firms. √

The result from forces outside the firm's control. √

Cannot be eliminated. √

Example: Pandemic √ — 5m

CLO1 C2

b) Miss Fariha , a risk averse investor is considering two possible investment. The investments' possible returns and related probabilities are as follows:

Investment A		Investment B	
Probability	Return (%)	Probability	Return (%)
0.40	-2.5	0.35	-2.5
0.20	9	0.35	9
0.40	12	0.30	12

Detail the following by using calculation:

i) Expected return

ii) Variance and standard deviation

CLO1 C3

Expected return (A) = 0.4(-2.5%) +0.2(9%) +0.4(12%) √√√
= 5.60%√

Expected return (B) =0.35(-2.5%) +0.35(9%) +0.3(12%) √√√
= 5.875%√

Variance (A)

$= 0.4 (-2.5-5.6)^2 + 0.2 (9-5.6)^2 + 0.4 (12-5.6)^2$√√√
= 44.94√

Standard Deviation (A)

= √44.94 √
= 6.7037 √

Variance (B)

$= 0.35 (-2.5-5.875)^2 + 0.35 (9-5.875)^2+0.3 (12-5.875)^2$√√√
= 39.2219√

Standard Deviation (B)

= √39.2219 √
= 6.7=2627√

√ = 1

20/20 * 15m

c) Compute the Coefficient of Variation of both investments for Miss Fariha to decide.

CV (A)

= 6.7037/5.6√
= 1.197√

CV (B)

= 6.2627/5.875√
= 1.066√
Investment B has a lower risk. √

5m

QUESTION 4

CLO1 C2

a) Pak Kontot Sdn. Bhd has a debt ratio of 42%, Long term liabilities of RM20,000 and total assets of RM70,000. Interpret the level of current liabilities?

Debt ratio = Total Debt/ Total Assets√
0.42 = Total Debt/ 70,000√
0.42 = (20,000+ X)/ 70,000√
0.42 (70,000) = 20,000-X√
X = RM9,400. √

CLO1 C4

5m

b) FFN Legacy Sdn. Bhd's Financial Statements of the company are presented below:

(20 marks)

FFN LEGACY'S INCOME STATEMENT FOR THE YEAR ENDED

31st DECEMBER 2021

	RM ('000)	RM ('000)
Sales (Credits)		5,750
Cost of sales and direct expenses		3,240
Gross profit		2,510
Distribution expenses	590	
Administrative expenses	450	
Other operative expenses	100	(1,140)

Profit from operations		1,370
Finance cost		(225)
Profit before tax		1,145
Tax expense		(343)
Profit after tax for year		**802**

FFN LEGACY'S STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER 2021T

	RM ('000)
Non-Current Assets	
Property, plant and Equipment	4,502
Current Assets	
Inventories	700
Trade receivables	441
Deposits and prepayments	70
Cash at bank and in hand	100
TOTAL ASSETS	**5,813**
Equity	
Share capital	1000
Share premium	350
Total Equity	*1,350*
Non-current liabilities	
Bank borrowings	3,200
Financial Liabilities	1,000
Deferred tax liabilities	30
Total Non-current liabilities	**4,230**
Current liabilities	
Trade payables	180
Accruals and other payables	35
Short term loans	18
Total current liabilities	**233**
TOTAL LIABILITIES	**4,463**
TOTAL EQUITY and LIABILITIES	**5.813**

You are required to make a Financial Analysis for the firm based on the industry's average below: a) Current ratio 4.0 b) Quick ratio 1.85 c) Accounts receivable turnover ratio 10.0 d) Accounts receivables turnover days 32 days e) Inventory turnover ratio. 3.75 f) Inventory turnover days 80 days g) Total Asset turnover 1.20 h) Net profit margin 11% i) Time interest earned 5.25 Current ratio CA/CL = 1311/233 = 5.6√√ Quick ratio (CA-inv- prepaid expenses)/CL = (1311-700-70)/233 = 2.32√√ Accounts receivable turnover ratio Credit sales/trade debtor = 5750/441 = 13.04√√ Accounts receivables turnover days (trade debtors/credit sales) X 365 days = (441/5750) x 365 = 28 days√√ Inventory turnover ratio. CoGS/ inventory = 3240/700 = 4.63. √√ Inventory turnover days (inv/ CoGS) x 365 = (700/3240) x 365 =78.86 days√√ Total Asset turnover Sales/ Total asset = 5750/5813 = 0.99√√ Net profit margin Net Profit/Sales = 802/5750 =13.95%√√ Times interest earned Earning before interest and tax/ interest expense = 1370/225 =6.09√√ As overall, the firm is doing better than the average industry except for the total asset turnover. √√	20 m