CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EIB30403
COURSE NAME	:	ADVANCED MANAGERIAL FINANCE
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	29 JUNE 2026
TIME	:	9.00 AM – 12.00 PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **ONE sections only.**
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**
8. You are allowed to use financial calculator.

THERE ARE SIX (6) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

INSTRUCTION: Answer ALL questions.
Please use answer booklet provided.

Question 1

a) AHH Berhad has been depositing RM275,000 into an investment account at the end of every December since year 2016 with the objective of sustaining its long-term growth. This investment account earns 5.5% p.a consistently throughout the investment period and it is compounded annually. Determine the amount AHH will accumulate in December 2026. Assume that the same RM275,000 deposit is also made in December 2026.

(4 marks)

b) Trilimaju's most recent annual dividend was RM1.20 per share and the firm's required rate of return is 10%. Compute the intrinsic value of the company's share when:

i. Dividends are expected to grow at 5 percent annually for 3 years followed by 2 percent constant annual growth rate from year 4 to infinity.

(8 marks)

ii. Dividends are expected to grow at 6 percent annually for 3 years followed by 0 percent growth in year 4 to infinity.

(4 marks)

iii. Dividends are expected to grow at 7 percent annually for 3 years followed by 4 percent constant annual growth rate from year 4 to infinity.

(4 marks)

[Total: 20 marks]

Question 2

a) Some financial data for each of the three companies are shown below:

	Pittsburg Auto Parts	Ryan Accessories	Trevino Motor Parts
Average selling price per unit	RM15.00	RM400.00	RM40.00
Average variable cost per unit	RM12.35	RM220.00	RM14.50
Units sold	75,000	4,000	13,000
Fixed costs	RM33,000.00	RM100,000.00	RM66,000.00

i. Calculate profit for each company at the indicated sales volume.

(3 marks)

ii. Calculate the degree of operating leverage (DOL) for each company at indicated sales volume.

(3 marks)

iii. Determine the company that will suffer the largest relative decline in profitability if sales were to decline.

(2 marks)

b) You own 20% of TM Corp shares, which recently sold for RM8.60 before a planned 1 for 4 bonus issues announcements. Before the bonus issue, there are 800,000 paid-up shares.

i. Calculate your financial position before the bonus issue.

(2 marks)

ii. Compute the amount after the issue. (Assume the share price falls proportionately).

(3 marks)

c) Suppose you own 5% of SEACORP ordinary shares, which most recently sold for RM98 prior to a planned two-for-one share split announcement. Before the split, there are 50,000 ordinary shares. Determine your financial position after the share split relative to the current position.

(3 marks)

d) A THHE Bond which is maturing on 31 December 2026 has a redemption value of RM1,000 and pays coupon interest RM150 every December up to and including year 2026. This means bondholder will receive RM1,150 on 31 December 2026. If market interest rate is assumed to be 10% throughout the period, compute the bond's intrinsic value (i.e., present value) on January 1, 2024.

(4 marks)

[Total: 20 marks]

Question 3

a) TCS Sdn Bhd has released the following financial information:

Earnings available for common shareholders	RM1,000,000
Number of common shares outstanding	500,000 units
Earnings Per Share (EPS)	RM2.00
Market Price Per Share (MP)	RM50.00
Price Earnings Ratio (P/E)	25.00 times

TCS is planning to use RM800,000 of its earnings for stock repurchase. If TCS pays RM52.00 per share for this repurchase exercise, compute the company's new EPS.

(6 marks)

b) Consider the purchase of PPB JUN50 call options at RM5 premium. (You bought CALL, so you have the right to buy!)

i) Calculate your profit/loss if PPB spot market price is RM40. (3 marks)

ii) Calculate your profit/loss if PPB spot market is RM65. (3 marks)

iii) Calculate your breakeven price. (3 marks)

iv) Calculate your maximum loss. (3 marks)

v) Calculate your maximum gain. (2 marks)

[Total: 20 marks]

Question 4

You are given the following financial information on Kuala Lumpur Composite Index (KLCI) and Tin Global Ventures (TGV). As TGV is still at growth stage, the company maintains a high debt-to-equity (D/E) ratio to leverage borrowed funds for financing capital-intensive projects.

Year	KLCI Annual Return (%)	TGV Annual Return (%)
2022	23.80	38.60
2023	-7.20	-24.70
2024	6.60	12.30
2025	20.50	8.20
2026	30.60	40.10

a) Compute the mean return of KLCI and TGV stock.

(4 marks)

b) Calculate the coefficient of variation (CV) for both KLCI and TGV. Provide comments on their CV.

(8 marks)

c) Calculate the Beta of TGV and provide comments on its Beta.

(4 marks)

d) Discuss the implications of having high operating leverage in TGV company.

(4 marks)

[Total: 20 marks]

Question 5

a) Tangent Inc. is considering acquiring Salida Berhad for RM40 million. Salida has total liabilities of RM62 million. Salida has machinery that Tangent wants, and the remaining assets would be sold for RM55 million. The machinery will furnish Tangent with an increase in annual cash flow of RM7 million for the next 10 years. The cost of capital is set at 12%.

i. Compute the initial net cash outlay. (2 marks)

ii. Should Tangent acquire Salida Berhad? Provide justification. (4 marks)

b) Elaborate in detail **TWO (2)** common strategies in acquiring a firm.

(4 marks)

c) Explain the following **FOUR (4)** Capital Structure theories in detail.

i. Modigliani-Miller Theory (2 marks)

ii. Trade-off Theory (2 marks)

iii. Pecking Order Theory (2 marks)

iv. Market Timing Theory (2 marks)

v. Identify the theory that best describes WCE Holdings Berhad's current financial model. (2 marks)

[Total: 20 marks]

END OF EXAMINATION PAPER