UNIVERSITI UTARA MALAYSIA

PEPERIKSAAN AKHIR
SEMESTER KEDUA SESI 1999/2000

KOD/NAMA KURSUS : PW3193 SEMINAR KEWANGAN
TARIKH : 29 FEBRUARI 2000 (SELASA)
MASA : 2:30 – 5:00 PETANG
TEMPAT : PK DP 1/1, DP 3/3, DP 3/4, DP 3/5

ARAHAN :
1. Set kertas soalan ini mengandungi DUA BELAS (12) halaman bercetak.
2. Anda dikehendaki menjawab SEMUA soalan yang dikemukakan dalam ruangan yang
disediakan selepas setiap soalan.
3. HADkan jawapan anda kepada RUANGAN yang disediakan sahaja.
4. Masa yang diperuntukkan adalah 2 1/2 jam sahaja.
5. Anda hendaklah menjawab dengan tulisan yang kemas, bersih dan mudah dibaca.
6. Kes MORLEY INDUSTRIES, INC. diiklikan sebagai lampiran dalam mukasurat
   terakhir set kertas soalan ini.

NO. MATRIK : 

(dengan perkataan) (dengan angka)

NO. KAD PENGENALAN :  

NAMA PENSYARAH : KUMPULAN :

JANGAN BUKA SOALAN INI
SEHINGGA DIBERI ARAHAN

SULIT
SOALAN 1 (20 markah)

Soualan 1 adalah berdasarkan kes Morley Industries, Inc yang diertakam sebagai lampiran. Sila rujuk kepada kes tersebut dalam menjawab soalan-soalan yang ditemuiakan.


b. Beri komen anda mengenai kualiti aset semasa Morley Industries, Inc. (5 markah)
c. Apakah yang dimaksudkan dengan konsep *financial health*? Berikan pandangan anda mengenai kedudukan kewangan *Marley Industries, Inc.*

(5 markah)


(5 markah)
e. Sedangkan analisis kredit dengan mengambil kira faktor-faktor kualitatif dan kuantitatif menggunakan pendekatan 5C's of credit. Apakah keputusan anda?
(12 markah)
Andaikan Morley Industries, Inc beroperasi di Malaysia pada masa sekarang. Kini syarikat ini memohon untuk mendapatkan bekalan secara kredit daripada syarikat anda. Apakah sumber maklumat yang anda gunakan untuk melaksanakan analisis kredit bagi tujuan ini?

(8 markah)
SOALAN 2 (15 markah)

da. Terangkan dengan jelas bagaimana kos urusniaga (transaction cost) terlibat dalam mempengaruhi keputusan struktur modal sebuah syarikat.

(4 markah)

b. Anda terdengar perbualan seorang tokoh korporat terkenal. Antara yang diperkatakan adalah:

"Sesiapapun tahu yang kadar faedah atas pinjaman sememangnya adalah lebih rendah daripada kadar pulangan yang diperlukan oleh pemilik syarikat, dan semakin banyak pinjaman yang digunakan semakin rendah cukai yang dibayar. Penerbitan bon adalah yang terbaik untuk dilakukan, jadi saya rasa kita hanya membuang masa memikirkan polisi pombiayaan yang lain."

Komen kenyataan di atas.

(5 markah)
Ahli lembaga pengarah Syarikat OSF Bhd. baru saja mengambil keputusan untuk menerbitkan saham khas untuk pelabur bumiputera bagi meningkatkan modal untuk pengembangan projek. Pada masa yang sama, jurutera syarikat pula melaporkan bahawa sebidang tanah terbari milik syarikat dikenali pasti berkemungkinan besar mengandungi gas asli yang bermula berjuta ringgit. Walau bagaimanapun maklumat ini hendaklah dirahsiaakan daripada pengetahuan umum untuk beberapa bulan sehingga kajian lanjut dijalankan ke atas tanah tersebut.

Anda dikehendaki meyakinkan ahli lembaga pengarah supaya menarik balik cadangan penerbitan saham dan diganti dengan penerbitan bon berdasarkan maklumat baru yang diterima ini.

(6 markah)
SOALAN 3 (15 markah)


a. hipotesis keluq permintaan mencerun ke bawah (downward sloping demand curve)

(5 markah)

b. model isyarat maklumat Heinkel dan Schwartz (Heinkel and Schwartz information signalling model)

(5 markah)
c. model maklumat asimetrik Miller dan Rock (Miller and Rock asymmetric information model).

(5 markah)
SOALAN 4 (15 markah)

Encik Jo, pengurus kewangan Syarikat ISBE, ingin menggantikan mesin lama yang telah dipakainya dengan mesin baru. Mesin lama tersebut tidak dapat dijual kerana tiada pembeli dan nilai bukunya ialah 0. Mesin baru akan dibeli pada harga RM1 juta dan akan digunakan untuk tempoh 5 tahun. ia akan disusut nilai dengan menggunakan kaedah garis lurus mudah. Dengan penggunaan mesin baru tersebut, penjimatan kos sebanyak RM500,000 akan diperolehi. Mesin baru ini tidak mempunyai nilai sisa. Kos modal nominal ialah 14% setelah mengambil kira kos inflasi sebanyak 4%. Kadar cukai ialah 30%.

a. Apakah **NPV** untuk pelaburan di atas? (6 markah)
b. Apakah keganas inflasi kepada nilai kini bagi lindungan cukai susut nilai (present value of depreciation tax shields)?

(3 markah)

c. Berapakah kos modal sebenar (real cost of capital)?

(3 markah)


(3 markah)
SOALAN 5 (15 markah)

a. Apakah yang dimaksudkan dengan modal teroka? Siapakah sebenarnya yang terlibat dalam industri ini? Huraikan secara ringkas mengenai perbezaan amilara modal teroka dan bank saidagar?
(5 markah)

b. Apakah peringkat yang wujud dalam pembiayaan modal teroka? Sila terangkan setiap peringkat dengan satu contoh yang sesuai.
(10 markah)
In January 1990, Susan Pullman, Vice President and Treasurer of Morley Industries, was working on a loan request to be presented to the company's bank of account. First Security Bank. Ms. Pullman had to determine how large a loan to request, as well as the length and type of loan, and to argue the necessity of the bank's granting the loan.

Morley Industries was a manufacturer of architectural aluminum products and a major producer of aluminum frame windows. Founded in 1954, the company had experienced considerable growth in sales. Operations had been consistently profitable. Except for five years when small losses were incurred. Recent balance sheet and income statements were shown in Exhibits 1 and 2. Morley Industries sold most of its products directly to construction firms, although a increasing portion of its sales were to distributors of construction products and to distributors to home building centers.

During the past seven years, Morley had undertaken a major expansion and modernization program aimed at providing the efficient production facilities necessary for the company to survive in a competitive environment. In anticipation of growth in the demand for aluminum products, plant capacity had been increased to a point sufficient to handle a volume of $5 million per year. It was anticipated that the company's expansion program would be completed in March 1990 with the installation of new equipment costing $2.5 million.

The expansion had been timely because Morley was hoping to increase its market share in 1990 with an all-out marketing and selling effort. Management estimated the company would reach $5 million in sales in 1990. Further sales growth of $5 to $7 million per year was expected in 1991-1992.

The company's sales, like those of the industry as a whole, were heavily seasonal. Over 75% of annual sales usually occur during the first six months of the year. Exhibit 3 shows forecasted monthly sales for 1990; the pattern is similar to that of previous years. On the other hand, production was held relatively steady throughout the year. This policy was necessary to give employment to and thereby retain the skilled work force required in the company's manufacturing operations. Additional economies came in better utilization of equipment. In 1991, the company had been able to maintain production at nearly an even rate through the year.

Morley Industries had borrowed occasionally from First Security Bank for six years. Three loans occurred in a line of credit arranged during January. The bank required that the line be repaid within five months. Morley Industries had never experienced difficulty in obtaining seasonal loans and meeting loan requirements. First Security Bank had always granted the company's loan requests, which in 1989 had amounted to $53 million at the peak.

Normally, the company began borrowing in early January and repaying its loans by mid-June. However, in 1989 the company had been unable to liquidate its loan until mid-September and by early November had again required a loan from the bank. As of the end of 1990, the loan balance outstanding amounted to $480,000. Although the bank had not hesitated to extend the credit, the officer expressed dissatisfaction in not being given greater forward-looking of the continued need, particularly at a time when the federal reserve banks were conducting an examination and were alert of shortages of any kind. They hoped that this would be helpful if Ms. Pullman could possibly request the bank to increase the loan.

Ms. Pullman also was disturbed by the unexpected increase in borrowing, which might mean a lack of funds requirements. Therefore, she began to think about other things that might be helpful in making plans for 1990. These plans would need to be discussed with the company's banker and president, Roger Stanger, before presenting it to the bank.

The company's normal terms of sales were 30 days. However, for competitive reasons, these terms were not strictly enforced, and the average collection period had rarely slipped to around 30 days. All sales were recorded, and Ms. Pullman felt that a 40-day average period to collection was a reasonable estimate for 1990. The bank had not experienced much in the way of interest in the expansion credit terms. In 1989, but it was not confident that the power had been entirely the amount (240 November 1990). sales of $1,320,000. $1,120,000 was collected in December none of the December sales were collected in the month. All of October and earlier sales had been collected by December 31, 1989.

The bank was scheduled to be level throughout 1990 except for two weeks beginning Monday, August 6, when it was planned that the plant for the annual plant vacation period. Material purchases at $1,720,000 per month were scheduled excepted for August, when purchases of $1,120,000 were scheduled. The company purchased materials on a varying term, depending on the supplier, but on average paid 40% for them in 30 days. Depreciation of $25,000 was forecast for the year. Expenses related to labor and overhead (including depreciation) were planned at $1,450,000 per month throughout 1990. General and administrative expenses were estimated to total $1,035,000 in 1990. Disbursements for these expenses were expected to be fairly evenly through the year. Twenty-five percent of the estimated income taxes for 1990 were to be paid quarterly. In March, June, September, and December.

New equipment costing $1.5 million was to be delivered in March. It would be paid for in five equal monthly installments, beginning in March. Advertising and promotion expenditures, net, included in the above, were forecast at $50,000 per month in January and February, at $50,000 per month in March through August, and at $65,000 per month in September through December. 1990.

In 1991, Morley Industries had borrowed $1.2 million from a life insurance company under a 15-year mortgage loan secured by the plant, land, and equipment. The loan was repayable in equal annual principal installments in June and December each year. Interest at the rate of 10 percent per annum on the unpaid balance was also payable on these dates. In its financial forecasting, Ms. Pullman planned to present differently the interest payments on the mortgage loan and on the bank loan. The two mortgage interest payments due in 1990 would be shown separately in the cash flow and income projections. In contrast, bank loan interest payments had been mostly estimated and included in the $1.035 million general and administrative expenses estimate of $1,035,000.

In 1990, sales were forecast at $54 million, costs of goods sold at 72 percent, and general and administrative expenses at $6,500,000. Advertising and promotion expenses (net included in depreciation) was $52,000. Additional expenses of $5,000,000, expected to the normal services to mortgage interest, resulted in an estimated profit before taxes of $5,097,000. The effective tax rate for 1990 was estimated at 33 percent.

In 1991, the company had budgeted a nominal seasonal dividend of $1.00 per share. Ms. Pullman hoped that the 12 investors of Morley Industries would be willing to restructure the dividend in 1990. However, maintenance of the present dividend was essential. The company was not well-known, and investors expected that with proper sales of production and sales, dividends on an equity basis might be feasible.
As chief financial officer of Merley Industries, Mr. Fullman had given considerable thought to the optimum cash position of the company. She had concluded that cash and cash equivalents of at least $5 million should be maintained at all times. This would take care of transactions needs and provide a moderate amount of liquidity for emergencies.

On the basis of the plans outlined above, Mr. Fullman asked his Assistant Treasurer to prepare a monthly cash budget for 1990, which she hoped would indicate the amount and timing of the bank credits that Merley Industries would require. She also asked the Assistant Treasurer to prepare a pro forma income statement for the year and a pro forma balance sheet for December 31, 1990. She suggested that the assistant assume no change in "other assets" or in "accounts" from the amounts shown at year-end, 1989.

EXHIBIT 1

MERLEY INDUSTRIES, INC.

Georgetown Sheet

As of December 31, 1989-90

(Dollar figures in thousands)

<table>
<thead>
<tr>
<th></th>
<th>1987</th>
<th>1988</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>$9,264</td>
<td>$2,187</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>5,013</td>
<td>5,038</td>
</tr>
<tr>
<td>Inventories</td>
<td>4,622</td>
<td>5,427</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>16,899</td>
<td>13,652</td>
</tr>
<tr>
<td>Plant &amp; equipment (net)</td>
<td>15,007</td>
<td>26,505</td>
</tr>
<tr>
<td>Other assets</td>
<td>856</td>
<td>1,063</td>
</tr>
<tr>
<td>Total Assets</td>
<td>32,938</td>
<td>34,727</td>
</tr>
</tbody>
</table>

Liabilities and Shareholders' Equity

Bank loan    | 50         | 50         |
Accounts payable | 1,470      | 1,250      |
Advances     | 437        | 563        |
Mortgage, current | 700        | 730        |
Total Current liabilities | 2,677      | 2,743      |
Mortgage payable | 11,250     | 11,250     |
Common stock (17,000,000 shares) | 6,600      | 6,600      |
Retained earnings | 11,935     | 13,254     |
Total Liabilities & Equity | 32,938      | 34,727     |

EXHIBIT 2

MERLEY INDUSTRIES, INC.

Income Statement

For the Year Ended December 31

(Dollar figures in thousands)

<table>
<thead>
<tr>
<th></th>
<th>1987</th>
<th>1988</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$12,783</td>
<td>$13,275</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>8,633</td>
<td>9,732</td>
</tr>
<tr>
<td>Gross profit</td>
<td>4,150</td>
<td>3,543</td>
</tr>
<tr>
<td>General &amp; admin. expenses</td>
<td>6,255</td>
<td>7,621</td>
</tr>
<tr>
<td>Mortgage interest</td>
<td>1,256</td>
<td>1,185</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>2,320</td>
<td>1,746</td>
</tr>
<tr>
<td>Income taxes</td>
<td>800</td>
<td>900</td>
</tr>
<tr>
<td>Net Income</td>
<td>$1,520</td>
<td>$1,846</td>
</tr>
<tr>
<td>Common dividends</td>
<td>550</td>
<td>900</td>
</tr>
<tr>
<td>Charge in retained earnings</td>
<td>525</td>
<td>525</td>
</tr>
</tbody>
</table>

EXHIBIT 3

MERLEY INDUSTRIES, INC.

Projected Monthly Sales for 1990

(Dollar figures in thousands)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>November, 1989 actual</td>
<td>$1,000</td>
</tr>
<tr>
<td>December, 1989 actual</td>
<td>1,500</td>
</tr>
<tr>
<td>January, 1990</td>
<td>1,800</td>
</tr>
<tr>
<td>February</td>
<td>2,200</td>
</tr>
<tr>
<td>March</td>
<td>2,800</td>
</tr>
<tr>
<td>April</td>
<td>3,600</td>
</tr>
<tr>
<td>May</td>
<td>4,500</td>
</tr>
<tr>
<td>June</td>
<td>4,750</td>
</tr>
<tr>
<td>July</td>
<td>5,700</td>
</tr>
<tr>
<td>August</td>
<td>6,700</td>
</tr>
<tr>
<td>September</td>
<td>7,800</td>
</tr>
<tr>
<td>October</td>
<td>8,600</td>
</tr>
<tr>
<td>November</td>
<td>9,500</td>
</tr>
<tr>
<td>December</td>
<td>10,000</td>
</tr>
<tr>
<td>Total, 1990</td>
<td>11,000</td>
</tr>
</tbody>
</table>