



PENINSULA
COLLEGE
GEORGETOWN DK266-03(P)



UNIVERSITY OF
PLYMOUTH

FINAL EXAMINATION

Semester	:	SEPTEMBER 2025 SEMESTER
Programme Name	:	BA (HONOURS) ACCOUNTING & FINANCE 3+0 IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH
Course Code & Name	:	MAL3049 MANAGERIAL ACCOUNTING AND SHIPPING FINANCE
Duration	:	3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY**.
2. The question paper consists of **FOUR (4)** questions.
3. Answer **ALL** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

(This booklet contains 4 printed pages including this page)

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO

Answer **ALL** questions on the separate sheet provided.

[100 marks]

1. A company is considering which of two mutually exclusive projects it should undertake. The Finance Director thinks that the project with the higher NPV should be chosen whereas the managing Director think that the one with the higher IRR should be undertaken especially as both projects have the same initial outlay and length of life. The company anticipates a cost of capital of 10% and the net after-tax cash flows of the projects are as follows:

Year	0	1	2	3	4	5
Cash Flows:						
Project X	(200)	35	80	90	75	20
Project Y	(200)	218	10	10	4	3

The discounting factors are as below:

Year	0	1	2	3	4	5
Discount Factors: (10%)	1	0.91	0.83	0.75	0.65	0.62
: (20%)	1	0.83	0.69	0.58	0.48	0.41

Required:

- a) Calculate the NPV and IRR for Project X. (10 marks)
- b) Calculate the NPV and IRR for Project Y. (10 marks)
- c) State with reasons, which project you would recommend. (5 marks)
- Total: [25 marks]
2. a) Edison Inc. has annual sales of RM36,500,000, or RM100,000 a day on a 365-day basis. The firm's cost of goods sold is 75% of sales. On average, the company has RM9,000,000 in inventory and RM8,000,000 in accounts receivable. The firm is looking for ways to shorten its cash conversion cycle. Its CFO has proposed new policies that would result in a 20% reduction in both average inventories and accounts receivable. She also anticipates that these policies would reduce sales by 10%, while the payables deferral period would remain unchanged at 35 days.

Required:

- i. Discuss what effect these policies would have on the company's cash conversion cycle. Round to the nearest whole day. (15 marks)
- b) Desai Inc. has the following data (as below), in thousands. Assuming a 365-day in a year.

Annual cost of goods sold	RM30,000
Inventory	RM4,500
Accounts receivable	RM1,800
Accounts Payable	RM2,500
Annual sales	RM45,000

Required:

- i. What is the firm's cash conversion cycle? (10 marks)
Total: [25 marks]

3. a) The following particulars are taken from the books of Abdul Hanan & Co.

Items	RM	Items	RM
Sundry debtors	52,000	Insurance Premium (paid on 1.10.19)	2,400
Account Payable	22,000	Cash at Bank	6,200
Cash in Hand	2,392	Machinery	24,000
Furniture	3,500	Wages	23,600
Motor Car	22,000	General Expenses	2,680
Purchases	145,000	Carriage inward	2,040
Sales	292,000	Carriage Outward	1,630
Sales Return	2,600	Transportation in	6,430
Salaries	8,420	Owners' Equity	20,000
Opening Stock	11,400	Drawing	8,000
Motor Car Expenses	3,600	Rent and taxes	3,600
Equipment	2,508		

Additional Information:

- i. Closing stock RM 35,000.
- ii. Provision for doubtful debts at 5% of sundry debtors.
- iii. Depreciation furniture and machinery by 10% using straight line method.
- iv. Commission of RM. 3,600 has been earned but not received till the closing of accounts.

Required:

- a) Prepare a Trading Profit and Loss Account as at 31st December 2019. (15 marks)

- b) Prepare Balance Sheet as at 31st December 2019. (10 marks)
Total: [25 marks]

4. a) Explain what is meant by currency (foreign exchange) risk and describe how it can affect an international shipping company. (10 marks)

- b) Discuss the main ways or methods a company can use to manage or reduce currency risk in international transactions. (15 marks)
Total: [25 marks]

- END OF QUESTIONS -

FORMULAS

Cash Conversion Cycle = Operating Cycle – Accounts Payable Deferral Period

OR:

CCC = ICP + ACP - PDP

AR = DSO (SALES/365)

$$\text{Accounts Payable Deferral Period} = \frac{365}{\left(\frac{\text{Cost of Goods Sold}}{\text{Accounts Payable}} \right)}$$

$$\text{Average Collection Period} = \frac{\text{Accounts Receivable}}{\frac{\text{Daily Credit Sales}}{\text{Sales}}} = \frac{\text{Accounts Receivable}}{\left(\frac{\text{Annual Credit Sales}}{\text{Sales}} \div 365 \right)}$$