

THE HONG KONG POLYTECHNIC UNIVERSITY
HONG KONG COMMUNITY COLLEGE

Subject Title : Financial Management

Subject Code : CCN2113

Session : Semester One, 2017/18

Numerical Answers

Question B1

- (a) \$559,140.99
- (b) \$ 645,494.03 (or 645,453.33)

Question B2

- (a) $R_E = 10.655\%$
 $R_P = 6.45\%$
 $R_D = 4.68\%$
- (b) $W_E = 25.35\%$
 $W_P = 10.78\%$
 $W_D = 63.87\%$
- (c) $WACC = 5.19\%$

Question B3

- (a) $NPV(A) = \$ 1,017,809.40$
 $NPV(B) = \$ 161,735.19$
- (b) $PI(A) = 1.36$
 $PI(B) = 2.02$

Question B4

- (a) $EBIT = \$299,320$
 $OCF = \$240,100$
- (b) Cash flow to creditors = \$94,800
Cash flow to stockholders = \$41,660
Cash flow from assets = \$136,460
- (c) \$85,160

Question B5

Part I

- (a) \$46.37
- (b) \$36.86

Part II
\$871.65

Question B6

- (a) 1.58
- (b) 17.22%
- (c) 16.91% (or 16.95%)