|  |  |
| --- | --- |
| **1/ MULTIPLE CHOICE: choose the correct answer** |  |
| **1. During which phase of the business life cycle do sales peak?** a. Launch Phase b. Growth Phase c. Shake-out Phase d. Maturity Phase  **2. What characterizes the cash flow pattern during the Launch Phase?** a. It becomes highly positive b. It dips lower than profit c. It matches the sales cycle d. It exceeds profit margins  **3. In the Funding Life Cycle, what is the relationship between business risk and sales?** a. They follow the same pattern b. They are directly proportional c. They have no correlation d. They are inversely related  a. Peak sales with fierce competition b. Exponential increase in debt financing c. High business risk with declining sales d. Low business risk with stable debt access  **5. The sustainable growth rate (SGR) is best defined as:** a. The maximum rate of sales growth without external financing b. The ratio of total assets to net sales c. The percentage of dividends paid to shareholders d. The rate of decline in mature industries | **1. What is the primary characteristic of a company's Sustainable Growth Rate?** a. It requires external debt financing b. It represents growth achievable without external financing c. It only considers equity financing d. It focuses solely on dividend payments  **2. The formula for Sustainable Growth Rate (SGR) is:** a. Net Income × Dividend Payout Ratio b. Return on Assets × Retention Rate c. Retention Rate × Return on Equity d. Operating Income × Retention Rate  **3. The working capital cycle begins when:** a. Cash is received from customers b. The company receives an order c. Inventory is sold d. Trade creditors are paid  **4. Which financial metric is used to quantify working capital management efficiency?** a. Market capitalization b. Debt-to-equity ratio c. Working capital ratio d. Price-earnings ratio  **5. In the working capital cycle, trade debtors represent:** a. Unpaid supplier invoices b. Cash received from customers c. Inventory in storage d. Sales made on credit |

**2/. Explain how the profit cycle relates to the sales cycle during the Launch Phase of a business. Be specific about both metrics and their relationship.**

**3/. During the Shake-out Phase, sales continue to increase but profits begin to decrease. What causes this phenomenon, and what does it indicate about the business environment?**

**PART 2: PRACTICAL PART**

**1/ Suppose a company has the following financial data: (3.5)**

|  |  |
| --- | --- |
| Dividend payant ratio: 20 %  Net Income :500  Revenue: 1000  Total assets: 4000 | Total equity: 2000  Operational income : 600 |

* **Calculate SGR (With Dupont analysis) and compare the result with IGR**

**2/Suppose a company -X- has the following financial data (5.5)**

|  |  |
| --- | --- |
| **assets** | **liabilities** |
| Fixed assets5000  Total assets 8000 | Equity2000  LONG TERM BEDT4000 |
| Treasurer: 100  Nopat : 200  Beta 2 | |

**Calculate EVA**

**Answer**

**PART 1: THEORETICAL PART**

1/ **Say whether and why the following statements are true or false : (3.5)**

1. In the Funding ……**true** (0.5)
2. The Maturity phase …..**false**… The **growth** phase (0.5)
3. The primary ……..**false**………..without external but not only internal (0.5)
4. Thinks about ………..**true**(0.5)
5. Market involves ……..**false** …..**derivatives** market(0.5)
6. EVA is an external …., but MVA is an internal ….**false** ..contrast (0.5)
7. EVA measures …**false** …MVA (0.5)

**2/ Multiple Choice : (3)**

|  |  |
| --- | --- |
| **1/During which phase of life cycle do sales peak?** a. Launch Phase b. Growth Phase c. Shake-out Phase X d. Maturity Phase  **2/During which phase is it most difficult for a company to finance debt?** a. Growth phase b. Launch phase X c. Maturity phase  **3/What does a high SGR typically indicate about a company?** a. High debt levels b. Poor operational efficiency c. Low profitability d. Strong internal funding capability X | **4/Which of the following is NOT one of the components of working capital management?** a. Accounts receivable b. Fixed assets X c. Inventory d. Cash  **5/Which factor does NOT affect a company's working capital cycle?** a. The industry type b. The country of operation c. The company's dividend policy X d. Business strategy  **6/ What makes financial markets for transactions?** a. Information can be acquired without significant costX b. All trades must be done in person d. Prices are fixed and unchanging |

1. Business Life Cycle measures: Sales ,Profit ,Cash flow; Funding Life Cycle measures : Sales, Business risk, Debt funding. WITH GRAPHIC (2.5)
2. Key differences: (02)
   1. IGR considers only internally generated funds
   2. SGR includes existing debt financing while maintaining current capital structure
   3. SGR is typically higher than IGR due to leverage effects
   4. IGR assumes no external financing, while SGR allows for maintaining existing debt levels

**PART 2: PRACTICAL PART**

* **1/ Calculate SGR (With Dupont analysis) and compare the result with IGR**

**SGR = (1-0.16)\* 200/1600= (1-0.16)\*200/600\*600/2000\*2000/1600 = 10.5% 1.75**

**IRG= 400/2000 (1-0.16) = 1**

**With Dupont analysis; 0.75**

* **2/ Calculate EVA**

**EVA=NOPAT-(WACC\*C)**

**الأصل الاقتصادي = الأصول الثابتة +BFR**

**BFR= (4000-1000) – (2000-500) = 1500**

**الأصل الاقتصادي= 7500**

**الديون المالية بالطرح =7500-2500=5000**

**تكلفة الديون 1500/5000=0.2**

**تكلفة الأموال الخاصة =0.26**

**Eva =3602**

**كما تعتبر الطريقة المعتمدة على الديون المالية صحيحة**