|  |  |
| --- | --- |
| **1/ MULTIPLE CHOICE: choose the correct answer**  |  |
| **1. During which phase of the business life cycle do sales peak?**a. Launch Phaseb. Growth Phasec. Shake-out Phased. Maturity Phase**2. What characterizes the cash flow pattern during the Launch Phase?**a. It becomes highly positiveb. It dips lower than profitc. It matches the sales cycled. It exceeds profit margins**3. In the Funding Life Cycle, what is the relationship between business risk and sales?**a. They follow the same patternb. They are directly proportionalc. They have no correlationd. They are inversely relateda. Peak sales with fierce competitionb. Exponential increase in debt financingc. High business risk with declining salesd. 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 financingb. The ratio of total assets to net salesc. The percentage of dividends paid to shareholdersd. 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 financingb. It represents growth achievable without external financingc. It only considers equity financingd. It focuses solely on dividend payments**2. The formula for Sustainable Growth Rate (SGR) is:**a. Net Income × Dividend Payout Ratiob. Return on Assets × Retention Ratec. Retention Rate × Return on Equityd. Operating Income × Retention Rate**3. The working capital cycle begins when:**a. Cash is received from customersb. The company receives an orderc. Inventory is soldd. Trade creditors are paid**4. Which financial metric is used to quantify working capital management efficiency?**a. Market capitalizationb. Debt-to-equity ratioc. Working capital ratiod. Price-earnings ratio**5. In the working capital cycle, trade debtors represent:**a. Unpaid supplier invoicesb. Cash received from customersc. Inventory in storaged. 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 :500Revenue: 1000Total assets: 4000 | Total equity: 2000Operational 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 assets5000Total assets 8000 | Equity2000 LONG TERM BEDT4000 |
| Treasurer: 100Nopat : 200Beta 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 Phaseb. Growth Phasec. Shake-out Phase Xd. Maturity Phase**2/During which phase is it most difficult for a company to finance debt?**a. Growth phaseb. Launch phase Xc. Maturity phase**3/What does a high SGR typically indicate about a company?**a. High debt levelsb. Poor operational efficiencyc. Low profitabilityd. Strong internal funding capability X | **4/Which of the following is NOT one of the components of working capital management?**a. Accounts receivableb. Fixed assets Xc. Inventoryd. Cash**5/Which factor does NOT affect a company's working capital cycle?**a. The industry typeb. The country of operationc. The company's dividend policy Xd. Business strategy**6/ What makes financial markets for transactions?**a. Information can be acquired without significant costXb. All trades must be done in persond. 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**