

**QUESTION 1**

<b>REQUIRED (ANSWER IN <u>BLUE</u> BOOK)</b>		<b>MARKS</b>
(a)	<p>Prepare a capital budget to estimate the net present value of the proposed residential property development by Divercity.</p> <p>Assume the following:</p> <ul style="list-style-type: none"> <li>The property will be taxed as a capital asset; and</li> <li>All cash flows occur at the end of the relevant period.</li> </ul>	<b>40</b>
(b)	Identify and discuss the key factors that the board of directors of Divercity should consider in deciding whether or not to pursue the proposed residential property development project.	<b>5</b>
<b>TOTAL MARKS</b>		<b>45</b>

**QUESTION 2**

<b>REQUIRED (ANSWER IN <u>GREEN</u> BOOK)</b>		<b>MARKS</b>
(a)	<p>Value the equity of Manda Hill using the EBITDA multiple valuation method. Start your calculation with the Net profit before tax and provide reasons for adjustments/no adjustments made in the calculation to determine the sustainable EBITDA of the company. Conclude on the reasonability of the sales price.</p> <p><i>Communication, layout</i></p>	<b>32</b>
		<b>2</b>
(b)	Discuss the capital structure implication for Hyprop on the sale of Manda Hill assuming the shopping centre was initially purchased using 100% debt financing.	<b>4</b>
(c)	Discuss the companies act requirements regarding the guarantee to the director.	<b>4</b>
(d)	Discuss the CPC considerations of Mr Frank Maluleke's actions.	<b>3</b>
<b>TOTAL MARKS</b>		<b>45</b>

**QUESTION 3**

<b>REQUIRED (ANSWER IN <u>RED</u> BOOK)</b>		<b>MARKS</b>
(a)	Calculate the amount of units the HBD should sell to the external market for them to maximum profits. Show rankings for each scenario. Calculate the profit per scenario in order to determine your answer.	<b>16</b>
(b)	Calculate the minimum price that HBD will be willing to charge to transfer the modified UL 227 to SSD.	<b>14</b>
(c)	Briefly discuss five functions of budgets.	<b>5</b>
<b>TOTAL MARKS</b>		<b>35</b>

