



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
4TH YEAR 1ST SEMESTER 2019/2020 ACADEMIC YEAR (PART TIME)

COURSE CODE: ABA 439

COURSE TITLE: FINANCIAL MANAGEMENT IN SUPPLY CHAIN

EXAM VENUE: **STREAM : (BBA-SCM OPTON)**

DATE: **EXAM SESSION:**

TIME: 2 HOURS

Instructions:

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION ONE

Use the following trial balance for the year ended 31.12.2004

Capital		110,000
Land and building	70,000	
Machinery	21,600	
Furniture	20,000	
Debtors	78,000	
Creditors		50,000
Opening stock	1,100	
Bank	60,000	
Cash	9,000	
Sales		15,400
Sales returns	400	
Purchases	8,000	
Purchases returns		1,200
Warehouses expenses	1,200	
Carriage inwards	400	
Rent received		2,500
Carriage outwards	900	
Commission received		1000
Salaries and wages	6000	
Electricity	700	
Insurance	1500	
Postage	300	
Drawings	1000	
Bank loan		<u>100,000</u>
		<u>280,000</u>

Closing stock on 31st December 2004 was valued at 2,500

Required :

Trading profit and loss account. (20marks)

b) Differentiate between the following costs.

i) Product cost and period cost

ii) Direct cost and indirect cost

iii) Sunk cost and opportunity cost

iv) Prime cost and overhead cost

v) fixed cost and variable cost

(10marks)

QUESTION TWO

a) By use of examples differentiate between revenue expenditure and capital expenditure.

(4marks)

b) Explain the roles of financial managers in an organisation.

(6marks)

c) The following information relates to Thika traders for the year ended 31.12.12

Sales 270,000

Margin 40%

Rate of stock turnover 6 times

Expenses 40,000

From the information given above calculate

i) Gross profit

(3marks)

ii) Cost of goods sold

(2marks)

iii) Net profit

(2marks)

iv) Average stock

(3marks)

QUESTION THREE

a) Differentiate between management accounting and financial accounting.

(10marks)

b) Explain five limitations of credit cards as a source of finance.

(10marks)

QUESTION FOUR

a) Discuss any five sources of finance in supply and chain form of business.

(10marks)

b) Explain the various types of pricing strategies.

(10marks)

QUESTION FIVE

a) Discuss the benefits of budgeting to an organisation.

(5marks)

b) The following balance sheet was drawn haphazardly redraft the balance sheet correctly, clearly showing subtotals of

(15marks)

- i) Non -current assets
- ii) Current assets
- iii) Current liabilities
- iv) Working capital
- v) Capital employed.(15 marks)

ABNER MURUNGA
BALANCE SHEET FOR THE YEAR ENDED 30.12.04

Liabilities

Prepaid rates	11,000
Creditors	12,500
Office equipment	18,000
Net profit	67,500
Capital	210,000
	<u>319,000</u>

Assets

Premises	50,000
Stock at hand 30.12 .04	17,000
Drawings	12,500
Debtors	14,000
Bank overdraft	13,000
Motor vehicle	140,000
Cash in hand	12,000
Wages unpaid	11,500
Furniture and fittings	10,000
Discount allowed	11,000
Bad debts expenses	11,500
Stock on hand 1.1.05	<u>16,500</u>
	<u><u>319,000</u></u>