JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS

UNIVERSITY SPECIAL EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WIT IT

4TH YEAR 2ND SEMESTER 2019/2020 ACADEMIC YEAR

COURSE CODE ABA 439

COURSE TITTLE; Financial Management in Supply Chain Management

EXAM VENUE **STREAM; (BBA SUPPLY CHAIN OPTION)**

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**

Instructions: Answer **THREE** questions out of the FIVE questions. Question **ONE** is compulsory.

QUESTIONS ONE

a) Distinguish between Management and Financial Accounting emphasizing their importance to respective stakeholders. (10 marks)

b) "Generally individuals show time preference of money" . Comment. (3 marks)

Suppose a firm deposits Kshs 500, 000/- at the end of each year for 4 years at 6% p.a. How much would this annuity accumulate at the end of fourth year? (7 marks)

c) Define Cost-Volume-Profit (CVP) concept. A company makes a single product with a sales price of Kshs 10/- and a marginal cost of Kshs 6/-. Fixed costs are Kshs 60,000/- p.a .

Calculate :-

i.) Number of units to break-even

ii.) What number of units will need to be sold to achieve a profit of Kshs 20,000 p.a? (10 marks)

QUESTION TWO

a) Kakuzi Ltd had an opening stock value of Kshs 26,400 (300 units valued at Kshs 88/- each) on 1st April. The following receipts and issues were recorded during April :

Date	Issues(units)	Receipts(units)	
10/4		1000	86/-
23/4		600	90/-
29/4	1700		

Using the LIFO method, What was the total value of the issues on 29/4? (5 marks)

b) Explain the difference between Jod Order Costing and Process Costing. (5 marks)

c) Baraza and co. absorbs overheads on the basis of direct labour hours.Details of budgeted and actual figures for the latest period as follows:-

	Budget	Actual
Overheads	350,000/-	400,000/-
Output	70,000 units	60,000 units
Labour hours	35,000 Hrs	30,000 hrs

Was the overheads under-absorbed or over-absorbed. Explain? (10 mrks)

QUESTION THREE

Record the following transactions for the month of January of a small retailer as 31/1/2008:-

1) Started the business with Kshs 105
2) Put Kshs 90,000/- of the cash into a bank account
3) Bought goods for cash 5500/-
4) Purchased goods on credit from :-

Supplier A	Kshs 8,000/-
B	9, 300/-
C	1, 600/-
D	5,100/-

5) Bought stationery on credit from XYZ 890/-
6) Sold goods on credit to: Thomas 1700/-; Fishes 2400/-; Sign 3260/; Jerry 2040/-.
7) Paid rent by cheque 2200/-
8) Bought fixtures on credit from Caiser Kshs 6100/-
9) Paid salaries in cash 7900/-
10) Returned goods to B 300/-; to C 420/-
11) Bought van by cheque 65000/-
12) Received loan from Barclays by cheque 20000/-
13) Goods returned to us by Thomas 50/-, sigh 200/-
14) Cash sales 1450/-
15) Sold goods on credit to Fishes 1300/-, Jerry 4100/-, Peter 1580/-
16) We paid the following by cheque: B 9000/- C 1180/-
17) Received cheques from peter 1580/-, Fisher 3700/-
18) Received a further loan from Barclay by cash 5000/-
19) Received 6140/- cash from Jerry.

Required:-

i.) Balance off all the accounts (10 marks)
ii.) Extract a trial balance as at 31/1/2008. (10 marks)

QUESTION FOUR

a) Explain at least 5 uses of a master budget (5 marks)

b) Prepare the following cash budget for the months of January, February and March .
The opening cash balance on 1 January Kshs 30,000/-
The sales budgeted were as follows:-

	kshs
November	80,000/-
December	90,000/-
January	75,000/-
February	75,000/-
March	80,000/-

Analysis of records show that debtors settle according to the following pattern:

60% within the month of sale
25% the following month
15% the month following

Purchases Budget were as followings:

	Kshs
December	60,000/-
January	55,000/-
February	45000/-
March	55000/-

All purchases are on credit 90% of the purchases are settled in the month of purchase and the balance settled the month after.

Wages are 15000/- per month and over heads of Kshs 20,000/- per month (including 5000/- depreciation) are settled monthly.

Taxation of Kshs 8,000/- has to be settled in February and the company will receive an insurance claim of Kshs 25000 in March. (15 marks)

QUESTION FIVE

a) What are the main sources of both short term and long term business finance in Kenya? When does the need for short or long term finance arise? (10 marks)

b) The summarized accounts of ABC Company for the years ending December 31st are given below :-

	2008	2009
Sales	200,000	280,000
Less: Cost of sales	150,000	210,000

Gross Profit	50000		70,000	
Less:				
Administrative Expenses: -	38,000		46,000	
Loan Note Interest	-		4,000	
Net Profit	12,000		20,000	

Balance

Balance sheets as at 31 December

	2008		2009	
Net Non-Current Assets	110,000		140,000	
Current Assets:				
Inventory	20,000		30,000	
Accounts Receivable	25,000		28,000	
Bank		45,000	5,000	63,000
Total Assets		155,000		203,000
Current Liabilities				
Account payable	15,000		12,000	
Bank	10,000	25,000	-	12,000
Non-current Liabilities				
8% Notes	-		50,000	50,000
Total Liabilities		25,000		62,000
Net Assets		130,000		141,000
Equity				
Ordinary Share Capital		100,000		100,000
Retained Earnings		30,000		41,000
		130,000		141,000

Inventory as at 1/1/2008 was Kshs 50,000/-

Required:- Calculate the following financial ratios

i. Sales Turnover
ii. Inventory Turnover
iii. Profitability Ratios
iv. Capital Employed: ROA
v. Return on Equity (10 marks)