

School of Business and Economics

Jaramogi Oginga Odinga University of Science and Technology

ABA 439: FINANCIAL MANGEMENT IN SUPPLY CHAIN MANGEMENT

Course outline: JAN- APRIL 2019

Instructor: Bosire J. Aleri

Class meets Sunday

Time: 10.30 – 1.30 pm

Room: LR 13

Course Description:

Expected Learning Outcomes:

At the end of the learning exercise, the learner is expected to:

- 1) Understand the use of various terms in financial management in supply and chain
- 2) Demonstrate a concise understanding of financial statements and its uses
- 3) Understand the behaviour of costs and its implications in business enterprises
- 4) Demonstrate an understanding of sources of finance
- 5) Understand the budgeting process

Topics Covered:

Week	Topic	Total Contact Hours
One	Introduction <ul style="list-style-type: none">• Definition of terms and concepts in finance• Importance of finance to purchasers	3hrs
Two	<ul style="list-style-type: none">• The difference between management accounting and financial accounting• The different roles and responsibilities of people involved in finance	3hrs
Three	<ul style="list-style-type: none">• Capital and revenue purchases, capital items, expense items• Terms associated with treatment of capital items• Treatment of capital and expense items	3hrs
Four	Financial statements <ul style="list-style-type: none">• Preparation of financial statements	3hrs
Five	<ul style="list-style-type: none">• the role of the profit and loss account in decision making• The role of balance sheet in decision making,	3hrs

Six	<ul style="list-style-type: none"> the role of the cash-flow statement in decision making How financial statements are collated and prepared 	3hrs
Seven	Costs <ul style="list-style-type: none"> The classification of costs, the total cost of a product or service, costing and cost analysis techniques, 	3hrs
Eight	<ul style="list-style-type: none"> pricing strategies in procurement and supply chain process, develop a process and plans for managing cost 	3hrs
Nine	Sources of finance <ul style="list-style-type: none"> Short and long term sources of finance, 	3hrs
Ten	<ul style="list-style-type: none"> importance of internally generated sources of finance, the importance of external sources of finance 	3hrs
Eleven	Budgeting <ul style="list-style-type: none"> The benefits and criticisms of budgeting , key terms and different types of budget, 	3hrs
twelve	<ul style="list-style-type: none"> the implications of fixed and variable costs, the principles of managing a budget to achieve target performance 	3hrs
total		

Teaching Methodology:

Lectures, class discussions and case analysis

Assessments:

Assignments 10%

Sit in cat 20%

Semester exams 70%

Required Reading:

Financial management by Panday I. M Financial Management

Signed: _____

CIMRD

DEAN SBLs



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
3rd YEAR 2ND SEMESTER 2018/2019 ACADEMIC YEAR
KISII CAMPUS-PART TIME

COURSE CODE: ABA 439

COURSE TITLE: FINANCIAL MANGEMENT IN SUPPLY CHAIN MANGEMENT

EXAM VENUE:

STREAM: (BBA)

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

- a) Explain the advantages and disadvantages of retained earnings as a source of funds.(10 marks)
- b) Mr. Kahawa is a sole trader running his business in Thika . the following is the trial balance of his enterprise as at 31st dec 2017

	DR	CR
LAND	7,000,000	
BUILDINGS	3,000,000	
MOTOR VAN	4,000,000	
STOCK 1.1.2017	1,500,000	
SALES		30,000,000
PURCHASES	14,000,000	

RETURNS	1,000,000	700,000
DEBTORS	5,000,000	
CREDITORS		5,000,000
RATES	3,000,000	
SALARIES AND WAGES	4,000,000	
ELECTRICITY	1,000,000	
POSTAGE	1,500,000	
FURNITURE	6,000,000	
CAPITAL		<u>15,300,000</u>
	<u>51,000,000</u>	<u>51,000,000</u>

Additional information

- i) Stock as at 31.12.17 4,000,000
- ii) Depreciation is to be provided on motor van at 10% and furniture at 15% p.a straight line.

Required

- a) Income statement for the year ended 31.12.17
- b) Statement of financial position as at 31.12.17 (15 marks)
- c) State five disadvantages of budgeting. (5marks)

QUESTION TWO

- a) Elgon view ltd is a manufacturer of children toys. The sales vary seasonally and are higher in the month of April. The manufacturer wishes to prepare a cash budget from the periods of January through May 2018. The sales estimates are as follows.

Month	kshs.
January	120,000
February	100,000
March	140,000
April	180,000
May	160,000

You are given the following additional information

- i) Sales for December ksh. 40,000
- ii) Credit sales are 80% and cash sales 20% of total sales
- iii) There is time lag of one month between credit sales and its collection. no bad debts are expected
- iv) Gross profit margin is expected to be 20%
- v) Payment for purchases are on cash basis
- vi) Other monthly expenses are:
-rent 10,000

- salaries 6,000
- depreciation 10,000
- others 1% of sales

vii) Funds are borrowed and repaid in multiples of 1000

vii) 10% interest charge on borrowed funds is paid at 1st day of the preceding months balance

viii) The company wishes to maintain a cash balance of 100,000 every month

ix) Cash balance as at 1st January was 110,000

Required;

- a) Prepare cash budget. (12 marks)
- b) Discuss factors to consider when choosing a source funds for an enterprise. (8 marks)

QUESTION THREE

- a) Identify and describe the roles of finance manager in a business setting. (8marks)
- b) Explain four classifications according to behaviour. (6 marks)
- c) Differentiate between the following terms
 - i) Capital expenditure and revenue expenditure. (2marks)
 - ii) Sunk costs and marginal costs. (2marks)
 - iii) Controllable cost and abnormal cost. (2 marks)

QUESTION FOUR

- a) Explain five sources of finance. (10 marks)
 - b) Xyz Ltd manufactures a single product with selling price of sh. 12/= the variable cost of production amounts to shs. 8/= per unit. The fixed cost amounts to shs. 600,000/=
- Required
- i) Number of units to break even per annum
 - ii) Break -even point in sales per annum
 - iii) Number of units to be sold to achieve a profit of sh. 200,000 per annum. (10 marks)

QUESTION FIVE

- a) Differentiate between management accounting and financial accounting. (10 marks)
- b) Explain five pricing strategies that can be used in a supplies and purchasing company.(10 marks)

Question one