

CHUKA



UNIVERSITY

SUPPLEMENTARY / SPECIAL EXAMINATIONS

EXAMINATION FOR THE AWARD OF CERTIFICATE IN

LAPA 00160: FINANCIAL MANAGEMENT

STREAMS:

TIME: 2 HOURS

DAY/DATE: MONDAY 16/11/2020

2.30 P.M - 4.30 P.M.

INSTRUCTIONS:

Answer Question One and any other TWO Questions

- a. Explain the role of a finance manager (5marks)
- b) Explain the meaning of the following terms as used in financial management:
i) Profit maximization:
ii) Wealth maximization
iii) Social responsibility
- c) Briefly explain the main objectives of financial management in organization (10marks)
- d) Differentiate between current ratio and quick ratio (4marks)
- e) company XYZ has the following current assets and liabilities in the month of April 2018>
- | | | |
|------------------------|--------|--------|
| cash in hand | 20,000 | |
| cash at bank | 10,000 | |
| stock | 5,000 | |
| goods bought on credit | | 10,000 |
| bank overdraft | | 5000 |
- required :
- Calculate the current ratio of company XYZ and indicate whether the ratio is appropriate
- (5marks)

QUESTION TWO:

- a) Explain five sources of finance for the county government (10 marks)
- b) Explain five challenges facing the county governments in collection of revenue (10 marks)

QUESTION THREE:

- a) Draw and explain the budgetary cycle (10 marks)
- b) i) Explain the meaning of imprest (2 marks)
- ii) Explain four reasons why employees should surrender imprest in an organization (8marks)

QUESTION FOUR:

- a) Advantages of an external audit (10 marks)
- b) Explain five qualities of a good audit (10 marks)

QUESTION FIVE:

- a) Explain the advantages and disadvantages of investing in government treasury bonds (10 marks)
 - b) Explain the features of a sound investment evaluation method (8 marks).
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