

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

CHUKA AND EMBU CAMPUSES

**EXAMINATION FOR THE AWARD OF CERTIFICATE IN LEADERSHIP AND
PUBLIC ADMINISTRATION**

LAPA 00160: FINANCIAL MANAGEMENT

STREAMS: CERT.

TIME: 2 HOURS

DAY/DATE: MONDAY 29/03/2021

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

QUESTION ONE

- (a) Explain the role of a financial manager. (5 marks)
- (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. (10 marks)
- (d) Differentiate between current ratio and quick ratio. (4 marks)
- (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 5,000

Required:

Calculate the current ratio of company XYZ and indicate whether the ratio is appropriate.
(5 marks)

QUESTION TWO

- (a) Explain five sources of finance for the county government. (10 marks)
- (b) Explain five challenges facing the county government 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. (8 marks)

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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