
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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