

**UNIVERSITY OF SWAZILAND**

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

**MAIN FINAL EXAMINATION PAPER**

**December 2015**

---

**DEGREE / YEAR OF STUDY: BACHELOR OF COMMERCE YEAR II /THIRD YEAR( PART TIME)**

Title of Paper : PRINCIPLES OF FINANCE  
Course Code : AC213/ IDE AC 213 (Part Time) December 2015  
Total Marks : 100  
Time Allowed : **THREE HOURS**

**Instructions**

- (i) There are **FOUR** Questions, Answers All
- (ii) Begin the solutions to each Question on a New page
- (iii) The marks awarded for each question are indicated at the end of the question
- (iv) Show all your workings
- (v) Calculations are to be made to zero decimal places of accuracy, unless otherwise Instructed.

**RECOMMENDATION:** Reading time should not exceed fifteen minutes

**Note:** You are reminded that in assessing your work, account will be taken of accuracy of the language and general quality of expression, together with layout and presentation of your answer.

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR  
OR SUPERVISOR**

**SPECIAL REQUIREMENTS : CALCULATOR**

**QUESTION NO.1**

- i. Define financial management . and Explain the importance of financial Management. (Marks:11)
- ii. Explain any **THREE** Functions and **FOUR** Process of Financial management. (Marks :14)

**QUESTION NO. 2**

- i . What is the Time Value of Money? Explain briefly any **Three** Major Objectives of financial management. ( Marks:15)
- ii. Explain **Five** different sources of Long Term Finance. (Marks. 10)

**QUESTION NO. 3**

The Financial Statement of VISION Company Limited as on 31-12-2013and 31-12-2014. (Marks.25)

Particulars	31-12-2013	31-12-2014
<b>Current Assets</b>	E	E
Cash	24,000	25,000
Accounts Receivable	16,000	18,000
Inventory	30,000	35,000
Sundry debtors	10,000	12,000
	80,000	90,000
<b>Fixed Assets</b>		
Land and Building	50,000	50,000
Plant	60,000	65,000
Machinery	80,000	85,000
Furniture	70,000	70,000
Good will	30,000	20,000
	2,90,000	2,90,000
<b>Total Assets</b>	3,70,000	3,80,000
<b>Liabilities and share holders Equity</b>		
<b>Current liabilities</b>		
Accounts payable	25,000	30,000

Creditors	30,000	35,000
Bank over draft	5,000	10,000
	<u>60,000</u>	<u>75,000</u>
Long- Term liabilities		
Debentures	70,000	60,000
Mortgage payable	45,000	40,000
	<u>1,15,000</u>	<u>1,00,000</u>
Share holders equity		
Owners share Capital	1,00,000	1,00,000
Preference share Capital	60,000	60,000
Retained Earnings	35,000	45,000
	<u>1,95,000</u>	<u>2,05,000</u>
Total Liabilities	<u>3,70,000</u>	<u>3,80,000</u>

Income statement of VISION of Company Limited for the year ended 31-12-2013  
And 31-12-2014.

Particulars	2013	2014
Sales	4,00,000	5,00,000
Opening stock	20,000	30,000
Purchases	1,00,000	1,10,000
Wages	50,000	50,000
Closing stock	30,000	35,000
Factory expenses	40,000	30,000
Direct Expenses	20,000	15,000
Depreciation	30,000	50,000
Office Expenses	20,000	70,000
Selling Expenses	50,000	30,000
Net Profit	1,00,000	1,50,000

From the above data calculate and interpret the following Ratios .

1. Liquidity Ratios.
2. Profitability Ratios

**QUESTION NO. 4**

- i What do you mean by Financial Plan. And What are the **Nine** principle of financial plan. ( Marks:13)
- ii Explain the **SIX** Major steps in the Financial planning Process. ( Marks:12)