

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

SUPPLEMENTARY EXAMINATION PAPER

JULY 2016

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) JULY 2016
Total Marks : 100
Time Allowed : **THREE HOURS**

Instructions

- (i) There are **FOUR** Questions Answers to 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 . what do you mean by Business Finance. And What are the **Thirteen** the Functional areas Modern Financial Management. (Marks:15)

ii .What do you mean by Corporate Finance. Explain What are the **Four** of Financial decisions in Financial Management. (Marks:10)

QUESTION NO. 2

i. Explain What are the **Six** the Methods of Financial Management. (Marks:12)

ii . What do mean by Risk .and what are **eleven** Points the Causes of Risk.(Marks.13)

QUESTION NO. 3

The Financial statement of ship Company Ltd as on 31-12-2014and 31-12-2015.(marks.25)

Particulars	31-12-2014	31-12-2015
Current Assets	E	E
Cash	8,000	10,000
Accounts Receivable	10,000	10,000
Inventory	35,000	40,000
Prepaid Expenses	7,000	5,000
	<hr/>	<hr/>
	60,000	65,000
	<hr/>	<hr/>
Fixed Assets		
Land and Building	50,000	60,000
Plant & Machinery	1,50,000	1,20,000
Furniture	50,000	65,000
Investment	20,000	30,000
	<hr/>	<hr/>
	2,70,000	2,75,000
	<hr/>	<hr/>
Total Assets	3,30,000	3,40,000
	<hr/>	<hr/>
Liabilities and share holders Equity		
Current liabilities		
Accounts payable	3,000	2,000
Creditors	25,000	30,000
Bank overdraft	27,000	35,000
	<hr/>	<hr/>

	55,000	67,000
	_____	_____
Long- Term liabilities		
Debentures	50,000	50,000
Mortgage payable	40,000	50,000
	_____	_____
	90,000	1,00,000
	_____	_____
Share holders equity		
Owners share Capital	1,00,000	1,00,000
Preference share Capital	1,50,000	1,60,000
Retained Earnings	20,000	15,000
	_____	_____
	2,70,000	2,75,000
	_____	_____
Total Liabilities	3,30,000	3,40,000
	_____	_____

Additional information

Particulars	2014	2015
Sales	3,00,000	4,00,000
Gross Profit	1,50,000	1,80,000
Net Profit	50,000	80,000

From the above data calculate the following Ratios and Interpretation of the Ratios

1. Current Ratio
2. Liquidity Ratio
3. Debit Equity Ratio
4. Gross Profit Ratio
5. Net profit Ratio
6. Inventory Turnover Ratio

QUESTION NO.4

- i . Explain What do you mean by Financial Plan. And Explain What are the **Seven** objectives of the financial plan. (Marks:16)
- ii . What do you Mean by Financial planning. Explain What are the **Four** Limitations of financial planning. (Marks:09)