

IDE AC 213 (Part-Time) July 2017

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

SUPPLEMENTARY EXAMINATION PAPER

July - 2017

DEGREE / YEAR OF STUDY: BACHELOR OF COMMERCE YEAR III (PART-TIME)

Title of Paper : PRINCIPLES OF FINANCE

Course Code : IDE AC: 213 (Part – Time) July 2017

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.01

i. Define financial management. Explain the importance of financial management.

(Marks: 15)

ii.. Explain the process of financial management.

(Marks: 10)

QUESTION NO.02

i. Explain different financial tools of financial management.

(Marks:10)

ii. What do you mean by risk? Explain different types of risk in a company.

(Marks: 15)

QUESTION NO.03

The following is the balance sheet of a company as on 31-12-2016. (Marks:25)

Liabilities	Amount	Assets	Amount
	E		E
Equity share capital	3, 00,000	Land & buildings	1, 50,000
Preference share capital	1, 00,000	Plant & machinery	3, 00,000
Reserves	1, 50,000	Investment	1, 00,000
Profit & loss A/c	50,000	Goodwill	1, 00,000
Debentures	2, 00,000	Furniture	1, 00,000
Long – Term Loans	2, 00,000	Stock	1, 50,000
Creditors	1, 00,000	Debtors	1, 50,000
Other current liabilities	1, 00,000	Bills Receivable	50,000
		Cash in hand	50,000
		Cash at bank	50,000
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	12, 00,000		12, 00,000
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Income statement of the company for the year ended 31-12-2016

Particulars	Amount
	E
Sales	6, 00,000
_ Cost of Sales	4, 00,000
Gross Profit	2, 00,000
_ Operating Expenses	1, 00,000
Net profit	1, 00,000
_ Income Tax	50,000

From the above the data calculate and interpret of the following ratios.

- 1, Current Ratio
- 2, Liquidity Ratio
- 3, Stock Turnover Ratio
- 4, Debt Equity Ratio
5. Gross Profit Ratio
6. Net Profit Ratio
- 7, Fixed Assets Turnover Ratio
- 8, Proprietor Ratio
- 9, Solvency Ratio
10. Fixed Assets to Net worth Ratio

QUESTION NO.04

- i. Explain different sources of long – term –finance. (Marks:10)
- ii. What do you mean by financial plan? Explain different types of key Factors to determine financial plan. (Marks: 15)