

**UNIVERSITY OF SWAZILAND**  
**INSTITUTE OF DISTANCE EDUCATION**

**BACHELOR OF EDUCATION (ADULT EDUCATION) YEAR – V**  
**FINAL EXAMINATION PAPER, MAY 2007**

**TITLE OF PAPER : FINANCIAL MANAGEMENT AND CONTROL**

**COURSE CODE : IDE-BAE 412-1&2**

**TIME ALLOWED : THREE (3) HOURS**

**INSTRUCTIONS : 1. ANSWER FOUR (4) QUESTIONS ONLY. TWO FROM SECTION-A AND TWO FROM SECTION-B.**

**2. ANSWERS SHOULD BE WRITTEN IN THE ANSWER BOOKLETS PROVIDED.**

**3. DO NOT WRITE ON THE QUESTION PAPER.**

**THIS PAPER SHOULD NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.**

## SECTION – A

Each question carries 30 marks.

**QUESTION – 1**

Examine the following ZEROL LTD Balance Sheet for the period January 1, 2006 to December 31, 2006 and reconstruct a new Balance Sheet based on additional information. And also explain how changes reflect in the new Balance Sheet.

ZEROL LTD., BALANCE SHEET  
As on December 31, 2006

Owners Equity and Liabilities	E
Owners' Equity	60,000
Creditors	50,000
Reserves	20,000
Profit & Loss Account	30,000
	160,000
	160,000
<b>Assets</b>	<b>E</b>
Land & Buildings	70,000
Debtors	50,000
Cash	30,000
Inventory	10,000
	160,000
	160,000

**Additional Information:**

On January 3, the ZEROL LTD purchased a machinery for E 60,000 paying E 20,000 cash and signing a mortgage for E 40,000. The company closes its accounts on 31<sup>st</sup> December every year.

**QUESTION – 2**

Who are the parties interested in accounting information? Why do they need the information?

**QUESTION – 3**

Discuss the importance of internal control and its limitations in business management.

**QUESTION – 4**

What is payback period? Evaluate the payback period as an investment criterion.

**SECTION – B**

**Each question carries 20 marks.**

**QUESTION – 1**

Explain the sources and uses of cash for a manufacturing organization.

**QUESTION – 2**

Discuss the following in brief:

- a) Techniques of cash management in an organization.
- b) Management control process.

**QUESTION – 3**

What are the benefits and limitations of budgeting?

**QUESTION – 4**

Briefly explain any two of the following:

- a) The Business entity concept
- b) Matching concept
- c) Going concern concept.