

UNIVERSITY OF SWAZILAND
INSTITUTE OF DISTANCE EDUCATION
FINAL EXAMINATION PAPER, MAY 2008

TITLE OF PAPER : FINANCIAL MANAGEMENT AND CONTROL

COURSE CODE : IDE-BAE 412-1 & 2

PROGRAM : B.ED V (ADULT EDUCATION)

TIME ALLOWED : THREE (3) HOURS

TOTAL MARKS : 100

INSTRUCTIONS :
1. THERE ARE A TOTAL OF SEVEN (7) QUESTIONS
2. **ALL** CANDIDATES MUST ANSWER SECTION A
3. CHOOSE **ANY THREE** QUESTIONS FROM SECTION B
4. YOU SHOULD HAVE A TOTAL OF FOUR (4) QUESTIONS ANSWERED. THAT IS, QUESTIONS CHOSEN FROM QUESTION 2, 3, 4, 5, 6 AND 7.

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GIVEN BY THE INVIGILATOR.

Section A

All candidates must answer question 1

UMNOTFO PTY (LTD)
BALANCE SHEET AS AT 31.04.2008

FIXED ASSETS		
Land and buildings		890 000
Plant and machinery		740 000
Motor vehicles		<u>610 000</u>
		2 240 000
CURRENT ASSETS		
Cash	22 000	
Accounts receivable	45 000	
Stock	<u>15 000</u>	
	82 000	
Less:		
CURRENT LIABILITIES		
Accounts payables	(33 000)	
Net Current Assets		49 000
Total Assets		<u>2 289 000</u>
FINANCED BY:		
Owner's equity		<u>2 289 000</u>

Question 1

Analyse the above balance sheet and answer the questions that follow

- a) Explain what is meant by
 - i. balance sheet [5]
 - ii. the balance sheet title i.e. 'Balance Sheet as at 31.04.2008' [4]
 - iii. owner's equity [4]
- b) Differentiate between
 - i. assets and liabilities [6]
 - ii. fixed assets and current assets [6]
- c) Explain the order of presentation for current assets and why? [3]
- d) What is the accounting equation derived from the above balance sheet? [2]
- e) Another accounting equation is ASSETS = LIABILITIES. What is the balancing figure/amount of the above balance sheet if this equation is used. [5]
- f) What is the significance of the 'net current assets'? [5]

Total marks [40]

Section B

Choose any three (3) from the following questions

Question 2

- a) Discuss what you understand by cash flow statements [8]
- b) Give two examples of each of the following components of cash flow statements:
- i. Cash flows from operating activities [4]
 - ii. Cash flows from investing activities [4]
 - iii. Cash flows from financing activities [4]

Total marks [20]

Question 3

The following are revenues and expenses of Umnotfo Pty (Ltd), were for the month ended March 2008:

Gross profit (profit made from selling stock)	E400
Cleaning expenses	80
Advertising expenses	120
Commission earned from stocking other products	60

- a) Prepare an Income Statement for Umnotfo Company [6]
- b) What is the difference between gross profit and net profit [3]
- c) Explain the Income statement you prepared [3]
- d) How does an Income Statement differ from a Balance Sheet? [8]

Total marks [20]

Question 4

Briefly discuss the human resource management cycle. [20 marks]

Question 5

Discuss all stakeholders who will be needing information of the financial statements prepared by a Company, and how they will be using it.

[20 marks]

Question 6

Describe how an ideal internal control structure of any company of your choice should operate. **[20 marks]**

Question 7

Briefly describe what you understand by the following terms.

i. Management control [10]

ii. Control [10]

Total marks [20]