

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

MAIN FINAL EXAMINATION PAPER

December 2016

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

Title of Paper : PRINCIPLES OF FINANCE
Course Code : IDE AC 213 (Part-Time) December 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. 01

- i. What do you mean by business finance? Explain the functional areas of Modern financial management. (Marks: 16)
- ii. Explain briefly the functions of financial management. (Marks:09)

QUESTION NO. 02

- i. State the objectives of financial management. (Marks;15)
- ii. Define financial statement analysis. Explain the procedure of financial Statement analysis. (Marks: 10)

QUESTION NO.03

The Financial statement of Good Luck Company as on 31-12-2014 & 31-12-2015

Particulars	31-12-2014	31-12-2015
Currents Assets	E	E
Cash	40,000	50,000
Pre-paid insurance	10,000	20,000
Bills Receivables	1, 50,000	1, 80,000
Stock	7, 00,000	8, 00,000
Sundry debtors	4, 50,000	5, 00,000
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	13, 50,000	15, 50,000
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Fixed Assets		
Plant & Equipment	12, 50,000	14, 00,000
Land & Buildings	5, 00,000	6, 00,000
Furniture	50,000	1, 00,000
Good will	50,000	50,000
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	18, 50,000	21, 50,000
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Total Assets	32, 00,000	37, 00,000
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Liabilities and Shareholders' equity		
Current Liabilities		
Accounts Payable	1, 50,000	2, 00,000
Sundry Creditors	4, 00,000	5, 00,000
Other Current Liabilities	50,000	1, 00,000
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	6, 00,000	8, 00,000
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Long Term Liabilities		
Debentures	2, 00,000	3, 00,000
Bank overdraft	1, 50,000	2, 00,000
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	3, 50,000	5, 00,000
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Shareholder Equity		
Equity Share Capital	12, 00,000	12, 00,000
Preference Share Capital	5, 00,000	5, 00,000
Retained Earnings	4, 00,000	5, 00,000
Profit& Loss Account	1, 50,000	2, 00,000
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	22, 50,000	24, 00,000
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Total Liabilities and Shareholders' Equity	32, 00,000	37, 00,000
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Income statement of Good Luck Company Limited for the year ended

31- 12- 2014 and 31-12-2015.

(Marks: 25)

Particulars	31-12-2014	31-12- 2015
	E	E
Sales	10, 00,000	12, 00,000
_ Cost of Sales	7, 50,000	8, 00,000
Gross Profit	2, 50,000	4, 00,000
- Operating Expenses	50,000	1,00,000
Net Profit	2, 00,000	3, 00,000
- Tax	50,000	1,00,000
Net profit After Tax	1, 50,000	2, 00,000

From the above data calculate 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. Proprietors Ratio
8. Solvency Ratio

QUESTION NO. 4

- i. Explain briefly different sources of short- term -finance. (Marks:10)
- ii. State the prime objectives of financial planning. (Marks:07)
- iii. Describe different major steps in financial planning. (Marks:08)