



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

REGINA PACIS INSTITUTE OF HEALTH SCIENCES

MAIN EXAMINATION

AUGUST – DECEMBER 2017 TRIMESTER

FACULTY OF SCIENCES

DEPARTMENT OF COMMUNITY HEALTH

REGULAR PROGRAMME

CHD 314: FINANCIAL RESOURCE MANAGEMENT

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Date: DECEMBER 2017

Duration: 3 Hours

INSTRUCTIONS: Answer Question ONE and any other TWO Questions

- Q1. a) Define the Following Terms **(6 Marks)**
- i) Profit
 - ii) Loss
 - iii) Assets
 - iv) Liabilities
 - v) Management
 - vi) Break-Even Point
- b) Differentiate between the following terms **(6 Marks)**
- i) Expenses and Expenditure
 - ii) Revenue and Cash Inflow
- c) State FOUR characteristics of companies limited by shares **(4Marks)**
- d) Highlight the advantages of running a business as a limited company compared to a sole proprietorship **(4Marks)**
- e) List FOUR type of financial Statements **(4 Marks)**
- f) Highlight the purpose of financial statements in health care management **(6 Marks)**
- Q2. In 2016, Edmund & Jesse LTD, (a hardware retail company) sold 10,000 units of its product at an average price of KSh. 400 per unit. The company reported estimated returns and allowances in 2003 of KSh 200,000. The company

purchased 11,000 units of its product from its manufacturer at an average cost of KSh. 300 per unit. They began with 900 units of its product in inventory (carried at an average cost of KSh. 300 per unit. Operating expenses were KSh. 400,000 and depreciation expense was KSh. 100,000. Edmund and Jesse had KSh. 2,000,000 in debt outstanding throughout all of 2003. This debt carried an average interest rate of 10 percent.

Required

- a) Given this information, construct Edmund and Jesse LTD 2016 Income statement. **(12 Marks)**
- b) Describe the performance of the company. **(2 Marks)**
- c) Discuss factors that determine a Good Performing Company. **(6 Marks)**
- Q3 a) Define:
- i) Budgeting **(2 Marks)**
 - ii) Budget **(2 Marks)**
- b) Using examples provide FOUR different types of budgets **(4Marks)**
- c) Discuss the Uses of a Budget in financial resource management **(12Marks)**
- Q4 SOKAVY Company Limited is a manufacturing firm that deals in cement production. The following information relates to activities undertaken during the financial year ended 31st December 2015.
- i) Sales for the year was Ksh 15,000,000
 - ii) Interest earned on dividends was Ksh 1,800,000
 - iii) Cost of goods sold was 70% of the sales
 - iv) Water and electricity for the year was Ksh 360,000
 - v) Rent and security expenses was Ksh 1,000,000
 - vi) Salary and wages was Ksh 1,200,000
 - vii) Commission paid to brokers was 5% of sales
 - viii) Depreciation charges on all the company assets was Ksh 760,000
 - ix) Corporation Tax is 30%
 - x) During the year the company resolved to allocate its 50% profit after tax to its shareholders.
 - xi) The company's authorized and fully paid up share capital is Ksh 2,000,000 which was issued at a value of Ksh 100.
- Required:
- a) Determine the Gross profit margin **(12Marks)**
- b) Calculate the Net profit margin **(4Marks)**
- c) Calculate the operating margin **(4Marks)**

d) Earnings per share

(2Marks)

Q5 Briefly discuss the main financial Management Process under the following:

i) Revenue

(6 Marks)

ii) Managerial Accounting

(8 Marks)

iii) Expenses and Costs

(6 Marks)

END