



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

SEPTEMBER –DECEMBER 2021

FACULTY OF SCIENCE

DEPARTMENT OF COMMUNITY HEALTH AND DEVELOPMENT

REGULAR PROGRAMME

CHD 314: FINANCIAL RESOURCES MANAGEMENT

Date: DECEMBER 2021

Duration: 3 Hours

1. **INSTRUCTIONS: Answer ALL Questions**
2. Write your number on every page
3. Answer ALL Questions in the booklet provided

Write legibly

SECTION A: SHORT ANSWER QUESTIONS: 30 MARKS

1. Define the following concepts applied in financial management. **(3 marks)**
 - i. Financial management
 - ii. Financial analysis
 - iii. Liquidity
2. Define the following accounting concepts: **(3 marks)**
 - i. Cost concept
 - ii. Going concern concept
 - iii. Dual aspect concept
3. State any four objectives of the finance function in any organization. **(4 marks)**
4. Outline any two red flags during an audit activity. **(2 marks)**
5. List the four types of financial statements. **(4 marks)**
6. Distinguish between horizontal common size analysis & Vertical common size analysis. **(4 marks)**

7. Describe any four purposes of working capital in a business. **(4 marks)**

8. In the statement of cash flows, how are the following treated? **(6 marks)**

- i. Accounts receivables
- ii. Accounts payable
- iii. Inventory

SECTION B. Answer ANY 2 Questions. Question 8 in COMPULSORY. 40 Marks

9. Given the following information,

- i. Describe the various types of assets and liabilities recorded in a balance sheet.

(5 marks)

Cash in the bank (Sh. 610, 000)

Money owed by customers, (Sh. 810, 000)

Office Supplies (Sh. 50, 000)

Parts inventory (Sh. 400, 000)

Equipment, including an ambulance that is necessary to run the business (Sh. 2, 550, 000)

Building and land (Sh. 17, 500, 000)

Debts owed to another business, (Sh. 735, 000)

Bank loan for the ambulance (Sh. 1, 105, 000)

Mortgage on building, (Sh. 11, 000, 000)

- ii. Prepare a Balance Sheet for Hope Healthcare owned by Janet on today's date:

(10 marks)

- iii. State five uses of balance sheet for a business organization such as Hope Health care.

(5 marks)

10. A budget is an important process in the financial management in any organization.

- i. Describe any 4 budget components. **(8 marks)**
- ii. Outline the key steps you would implement when preparing and monitoring your budget. **(8 marks)**
- iii. Highlight four reasons why budgeting is important to a business organization.

(4 marks)

11. Financial management in healthcare institutions is concerned with managing finances including financial analysis.

- i. Describe any 8 objectives of financial management in healthcare. (8 marks)
- ii. Define the following financial analysis ratios applied in financial analysis.
 - a) Outline the three types of liquidity ratios. (3 marks)
 - b) List any three types of activity ratios. (3 marks)
 - c) State the three profitability margin ratios. (3 marks)
 - d) Outline three profitability return ratios. (3 marks)

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END