



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

**BACHELOR OF COMMERCE HONOURS DEGREE IN
LOGISTICS AND SUPPLY CHAIN MANAGEMENT**

FINANCIAL AND ACCOUNTING MANAGEMENT FOR BUSINESS

HLSM 120

PART 1 SEMESTER 2 EXAMINATION

TOTAL MARKS [100]

DATE: JUNE 2024

Time: 3 Hours

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

QUESTION 1

Compare and contrast Financial Management to Management Accounting (25 marks)

QUESTION 2

Explain the following sources of finance in an organization of your choice

- i) Lease Finance (5 marks)
- ii) Equity Shares (5 marks)
- iii) Preference Share (5 marks)
- iv) Internal Finance (5 marks)
- v) Loan financing (5 marks)

QUESTION 3

- a) Suppose you invest \$6000 in Makaanaka investments account and it pays 8% interest, compounded annually. How much will you have in the account at the end of 4 years if you make no withdrawals (5 marks)
- b) Suppose you borrow \$6000 with terms that you will repay in a lump sum of \$2750 at the end of three years .What is the effective interest rate on this loan. (8 marks)
- c) Suppose you place \$6000 in a savings account that pays 10% compounded interest rate per year. How long would it take for that savings account balance to reach \$10000 (8 marks)
- d) Explain the concept of time value of money (4 marks)

QUESTION 4

Maj Holdings is considering the production of two products, Jam and Magarine with estimated returns under different scenarios and their associated probabilities .

Jam

Scenario	Probability of Outcome	Outcome
Success	20%	25%
Moderate success	40%	10%
Failure	40%	-4%

Magarine

Scenario	Probability of Outcome	Outcome
Success	40%	50%
Moderate success	30%	30%
Failure	30%	-5%

Required

- Calculate the expected return for both products Jam and Magarine (10 marks)
- Calculate the risk of each product and advice the management on the product worth for production (15 marks)

QUESTION 5

MAJ Holdings manufactures plant equipment and it has provided the following information for the manufacturing of its products.

Standard Material Usage	600 000 kg
Price of Materials	\$2.5 per kg
Actual Output	160 000 kg
Material used	400 000 kg
Cost of material	\$300 000
Standard Price of Materials	\$ 3 per Kg

Required:

Calculate:

- a) Material Usage Variance (5)
- b) Total Material Cost Variance (5)
- c) Material Price Variance (5)
- d) Comment on each of the Variance calculated above (10)

QUESTION 6

Makanaka Ltd Pvt manufactures three components, S, A and T, using the same machines for each. The budget for the next year calls for the production and assembly of 4,000 of each component. The variable production cost per unit of the final product is as follows.

	Machine hour's	Variable cost
		\$
1 unit of S	3	20
1 unit of A	2	36
1 unit of T	4	24
Assembly		<u>20</u>
		<u>100</u>

Only 24,000 hours of machine time will be available during the year, and a subcontractor has quoted the following unit prices for supplying components: S \$29; A \$40; T \$34.

Required:

Advise Makanaka Pvt Ltd which products should be manufactured internally, and which subcontracted (25)

END OF PAPER