

041306T4BUS

BUSINESS MANAGEMENT LEVEL 6

BUS/OS/BM/CR/06/6/A

MANAGE FINANCIAL OPERATIONS



**TVET CURRICULUM DEVELOPMENT, ASSESSMENT AND CERTIFICATION
COUNCIL (TVET CDACC)**

WRITTEN ASSESSMENT

Time: 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This paper has **TWO** sections **A** and **B**.
2. You are provided with a separate answer booklet.
3. Marks for each question are indicated in the brackets ().
4. Do not write on the question paper.

This paper consists of FOUR (4) printed pages.

Candidates should check the question paper to ascertain that all pages are printed as indicated and that no questions are missing.

SECTION A (40 MARKS)

Answer all questions in this section

1. Organization's financial plan acts as a roadmap for managing the organization's finances and achieving its objectives. Highlight **three** components of a financial plan. (3 Marks)
2. You are the managing director at xyz, company. Outline **five** factors that organizations should consider when developing a sustainable business strategy in today's rapidly changing economic and environmental landscape. (5 Marks)
3. Highlight **three** non-financial goals a firm may pursue to enhance its long-term success and sustainability. (3 Marks)
4. Operational plan serve different purposes within an organization. Highlight **four** purposes of an operational plan to an organization. (4 Marks)
5. Formation of a budgeting committee in compliance with organizational policies is important for effective financial management. State **five** roles of a budgeting committee in an organization. (5 Marks)
6. You are the finance manager at XYZ bank. Outline **four** reasons why a business may adhere to financial reporting and audit when conducting auditing functions. (4 Marks)
7. Project selection techniques are methods and approaches that organizations use to evaluate, prioritize, and choose among various projects. State **four** advantages of using payback period method in project selection. (4 Marks)
8. Financial statement are essential reports that provide an overview of a company's financial performance and position. Outline **three** types of financial reports a finance manager may prepare. (3 Marks)
9. It is a common procedure for an organization to use data from its various reports and records. Identify **five** sources of internal data for an organization. (5 Marks)
10. An organization may create a payable account under various circumstances to track and manage its liabilities. State **four** situations that may lead to the creation of a payable account. (4 Marks)

SECTION B (60 MARKS)**Answer any THREE questions in this section****Maximum marks for each question is 20.**

11. QQY limited has extracted the following information from its final accounts for the year ended 31 March 2021:

	Ksh.
Sales	900,500
Stock at 1 April 2020	150,300
Purchases	600,720
Stock at 31 March 2021	75,645
Total expenses for year	110,500
Trade Payables	175,000
Bank Balance	50,000
Trade Receivables	145,000

Required:

- a. Gross profit margin (4 Marks)
 - b. Mark-up (4 Marks)
 - c. Net profit margin (4 Marks)
 - d. Current ratio (4 Marks)
 - e. Liquidity (acid test) ratio (4 Marks)
- 12.
- a) You have been appointed to be a finance manager of XYZ bank, which has just started its operations. Being an expert, explain **five** challenges a financial manager may face in an effort to improve the liquidity position of the firm (10 Marks)
 - b) Explain **five** factors that may affect the working capital cycle of the firm. (10 Marks)
- 13.
- a) Explain **four** components of an income statement. (8 Marks)
 - b) Explain **six** functions of the Capital Market Authority in Kenya. (12 Marks)
- 14.
- a) For any organization to improve on its performance, it is crucial for the concerned manager to establish and understand the budget variances. Explain **five** factors that may lead to budget variance. (10 Marks)

- b) A customer portfolio mix is a business strategy that involves diversifying and managing a company's customer base to achieve various strategic objectives. Explain **five** ways in which customer portfolio mix can be used as a business strategy. (10 Marks)