



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**

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**FACULTY OF HUMANITIES, EDUCATION AND SOCIAL SCIENCES**

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**DEPARTMENT OF HUMANITIES AND SOCIAL SCIENCES**

**EXAMINATION PAPER**

**B. A (Hons) Development Studies: Part 2 Semester 2**

**COURSE CODE** : ADS 208  
**COURSE TITLE** : Financial Management for Development  
**DURATION** : 3 Hours  
**DATE** : 21 NOV 2019

**INSTRUCTIONS TO CANDIDATES:**

1. Answer any THREE questions only.
2. Each question carries 25 Marks.
3. Start each question on a new page of your answer sheet.
4. Use relevant examples or case studies in answering questions

1. Describe anticipated circumstances that can jeopardize the success of a project or organisation. (25)

2. a. Discuss how company's managers in different functional areas (marketing, purchasing and human resources) use financial statements information from their own company. (18)

b. Explain the importance of company's assets and liabilities status to the decision of investors and creditors? (7)

3. The trial balance given below has been extracted from the books of Mr. Manake a sole trader as at 31 December 2012:

	\$	\$
Capital		300 000
Delivery vehicles, at cost	100 000	
Bank loan		60 000
Sales		1 000 000
Purchases	830 000	
Stock at 1 January 2009	90 000	
Freehold premises, at cost	110 000	
10% Loan (2020)		200 000
Trade debtors	250 000	
Trade creditors		180 000
Motor vehicles running expenses	51 000	
General expenses	52 600	
Interest on loan	20 000	
Insurances	6 400	
Drawings	70 000	
Rent	50 000	
Cash at bank and in hand	40 000	
Wages and salaries	70 000	
	<u>1740 000</u>	<u>1740 000</u>

Additional information

Stock as at 31 December 2009 was valued at \$220 000.

Required:

- (i) The income statement for the year ended 31 December 2009. (10)
- (ii) Calculate the following ratios:
  - Net profit percentage,
  - Margin,
  - Rate of stock turn in days,

Current ratio,  
Acid test ratio or quick ratio. (15)

4. Analyse the notion that 'Zimbabwe's liquidity challenge is essentially as a result of poor financial management'. (25)

5. a. Justify Time Value of Money (TVM) in project planning and management for organisations (8)

b. (i) Irvines' invests \$14 000 for 3 years at 8% per annum compound interest rate. Calculate the value of its investment (correct to the nearest cent) at the end of the 3 years. (6)

(ii). Mr Hove takes out a loan of \$8000 and the bank charged 15% compound interest per year. Mr Hove failed to pay off the loan in the next four years. How much does he now owe the bank? (6)

c. Calculate what \$55 000 in 4 years' time will be worth today at a 15% discount rate. (5)

**END OF PAPER**