



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF HUMANITIES, EDUCATION AND SOCIAL SCIENCES

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 : 28 May 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 the central objectives of financial management in an organisation. (25)
2. a. Outline the importance of preparing a cash flow statement. (7)
 - b. Discuss how it is possible for a profitable organization to face liquidity crisis.(8)
 - c. Give ways that can improve an originations cash flow (10)
3. a. Explain the accounting cycle outlining major canons of each stage. (12)
 - b. Outline the importance of an income statement and the balance sheet in an organisation. (6)
 - c. Discuss the difference between an income statement and a cash flow statement. (7)
- 4 a. Distinguish between Financial and Cost Management Accounting. (4)
 - b. Explain the following terms:
 - (i) Fixed Cost (3)
 - (ii) Marginal cost (3)
 - (iii) Break-even point (3)
 - c. It costs \$625 000 to produce 12 500 items and \$850 000 to produce 16 250. Calculate the marginal cost. (6)
 - d. A firm is selling 1000 units at a price of \$25 per unit. However, to sell 1000 units it incurs marginal cost of \$15 per unit and total fixed cost of \$5000. Calculate the break-even point in sales volume and sales revenue. (6)
5. a. Discuss the importance of the concept of Time Value of Money (TVM) in project planning and management (6)
 - b. Ruwa Properties invests \$35 000 for 3 years at 4% per annum compound interest. Calculate the value of its investment (correct to the nearest cent) at the end of the 3 years. (7)
 - c. Suppose Tapiwanashe took out a loan of \$20 000 and the bank charges 15% compound interest per year. If she fails to pay off the loan in the coming four years, calculate the amount she owes the bank. (7)
 - d. Calculate what \$120 000 in 5 years' time will be worth today at a 10% discount rate. (5)

END OF PAPER