



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**

**COLLEGE FOR LIFE LONG LEARNING**

**Faculty of Law, Business Intelligence and Economics**

**EXAMINATION PAPER**

**COURSE CODE** : DMF124/DAF124/DSFA124

**COURSE TITLE** : SME finance/Principles of Financial

Management/Financial Management for Sport

**SPECIAL REQUIREMENTS** : NONE

**DURATION** : 2 Hours

**LEVEL** : 1.2

**DATE** :

26 NOV 2025

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed.
3. Answer ANY THREE questions
4. The number of marks for each question or part question is shown in brackets  
[ ]
5. Begin each answer on a new page.
6. **DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR INSTRUCTS YOU.**

### Question One

(a) Explain the differences between profit maximization and wealth maximization. (10 marks)

(b) The following information is available for XYZ Ltd:

Current assets: \$450,000

Current liabilities: \$300,000

Inventory: \$100,000

Calculate and comment on the liquidity ratios

a) Current ratio

b) Quick ratio (15 marks)

### Question Two

Discuss three factors that influence a firm's capital structure decisions. (25 marks)

### Question Three

Using suitable examples, discuss the importance of the time value of money in financial decision-making. (25 marks)

### Question Four

(a) Explain the significance of working capital management in ensuring business solvency. (10 marks)

(b). Critically, evaluate the agency problem in financial management and possible solutions. (15 marks)

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