



KIBABII UNIVERSITY COLLEGE (KIBUCO)

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2014 /2015 ACADEMIC YEAR**

THIRD YEAR FIRST SEMESTER EXAMINATIONS

MAIN EXAMINATION

MASTERS DEGREE

IN

HUMAN RESOURCE MANAGEMENT

COURSE CODE: HRM 810

COURSE TITLE: ACCOUNTING AND FINANCIAL MANAGEMENT

DATE: 8TH DECEMBER, 2014

TIME: 9.00-11.00 A.M

INSTRUCTIONS TO CANDIDATES:

Answer Question ONE and any other Two Questions

TIME: 2 Hours

QUESTION ONE

- a) Explain the usefulness of master budgets in organizations (4 marks)
- b) State and explain the rules of debiting and credit in accounting (6 marks)
- c) State and explain users of financial analysis information in an organization (10 marks)
- d) Explain the assumptions underlying Gordon theory of dividend policy (10 marks)

QUESTION TWO

A business firm requires complete, accurate and updated information. A combination of both financial accounting and cost accounting systems can facilitate in the achievement of this goal.

Required

- i) Distinguish between cost accounting and financial accounting (5 marks)
- ii) Explain the advantages of cost accounting system (5 marks)
- iii) Factors to be taken into consideration before setting up a cost accounting system (10 marks)

QUESTION THREE

Use the following to answer questions below

A and B own a grocery shop. The following balances were taken from the books on 31/12/2007

	A	B
Capital	sh. 60,000	sh. 48,000
Partnership salaries	sh. 9,000	sh. 6,000
Drawings	sh. 12,000	sh. 13,400

The firm's net profit for the year was sh. 32,840
Interest on capital is to be allowed at 10% per year
Profits and losses are to be shared equally

Required:

Prepare

- a) Firm's appropriation account (10 marks)
- b) The partner's current account (10 marks)

Question four

A company is considering two mutually exclusive projects with an initial capital of sh.10,000 and useful life of 5 years. The company's required rate of return is 10%

Expected cash flows from the projects are as follows

Year	1	2	3	4	5
Project A	4000	4000	4000	4000	4000
Project B	6000	3000	2000	5000	5000

Required: Evaluate the projects using

- i) Pay back Period (6 marks)
- ii) Net present value (10 marks)
- iii) Profitability index (4 marks)

Question five

- a) State and explain atleast five factors determining working capital of a firm (15 marks)
- b) Distinguish between long-term and short-term finance of a company (5 marks)