



## **PAC INSTITUTE OF TECHNOLOGY AND SOCIAL STUDIES SEPTEMBER – DECEMBER 2024 ASSESSMENT**

### **FORMATIVE ASSESSMENT**

Qualification Code : **041306T4BUS**

Qualification : **Business Management Level 6**

Code : **BUS/BM/CR/06/6**

Unit of Competency : **Managing Financial Operations**

**TIME: 3 HOURS**

#### **INSTRUCTIONS TO THE CANDIDATE:**

1. Read all the instructions carefully before attempting the questions.
2. You are allowed 2 Hours to Answer the questions.
3. Marks for each question are indicated in brackets.
4. Write your responses in the Separate Answer booklet provided.
5. Do not write anything on this question paper.
6. Attempt all questions in Section A and any Three questions in Section B.

## SECTION A - 40 MARKS

**(Instructions: Attempt All Questions In This Section)**

1. Define the following terms as used in Management of Financial Operations
  - A. Organizational data (2 Marks)
  - B. Financial Plan (2 Marks)
2. List **FOUR** types of financial statements (4 Marks)
3. State **FOUR** benefits a business may derive from preparing budgets. (4 Marks)
4. Explain **TWO** types of audit that may be carried out in an organization. (4 Marks)
5. List **FOUR** components of Income Statements of an organization. (4 Marks)
6. Outline **FOUR** advantages of Accounting Principles. (4 Marks)
7. Explain **TWO** classifications of Assets (4 Marks)
8. List **FOUR** types of organizational structure. (4 Marks)
9. State **FOUR** objectives of financial reporting to a business enterprise. (4 Marks)
10. Companies can access finance from different sources to fund their operations. Outline **FOUR** sources of finance. (4marks)

## SECTION B - 60 MARKS

**(Instructions: Attempt Any Three Questions In This Section)**

11. A) 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. (10 Marks)  
  
B) A good financial report is essential for it to meet its objective. Explain **FIVE** characteristics of a good financial report (10 Marks)
12. A) Budgets are financial plans and very useful in an organisation. Explain **FIVE** objectives that budgets aim to achieve. (10 Marks)  
  
B) Companies are entities created by the law and are required to be managed by a board of directors. Explain **FIVE** circumstances that could lead to the disqualification of a director. (10 Marks)
13. A) Financial statements are prepared at the end of each financial year. Explain **FIVE** users of these financial statements (10 Marks)  
  
B) An organization is in the process of preparing its financial plan. Explain **FIVE** financial targets that the organization may incorporate in its report. (10 Marks)
14. A) An organization may create a payable account under various circumstances to track and manage its liabilities. Explain **FIVE** situations that may lead to the creation of a payable account. (10 Marks)  
  
B) The following information relates to Morale Retailers for the month of July 2015:  
  
Sales - Ksh 50,000  
  
Cost of sales - Ksh 40.000

Average stock - Ksh 20,000

Expenses were - 5% of sales

Calculate:

- I) Mark-up (2marks)
- II) Margin (2 marks)
- III) Total expenses (2 marks)
- IV) Net profit (2 marks)
- V) Rate of stock turnover (2marks)