

# UGANDA MARTYRS UNIVERSITY NKOZI

UNIVERSITY EXAMINATIONS

FACULTY OF SCIENCE

## DEPARTMENT OF COMPUTER SCIENCE & INFORMATION SYSTEMS

SEMESTER I 2021-2022

THIRD YEAR EXAMINATION FOR BSC. IN INFORMATION  
TECHNOLOGY NKOZI, MASAKA & LUBAGA

### FINANCIAL MANAGEMENT IN ICT

CSC 3105

DATE: 21<sup>ST</sup> January 2022

TIME: 9:30 AM – 12:30 PM

DURATION: 3HRS

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**Instructions:**

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1. Carefully read through ALL the questions before attempting
  6. **Attempt any FOUR questions**
  7. Write your answers in the answer booklet provided
  8. No **names** should be written anywhere on the examination book.
  9. Ensure that your **Reg number** is indicated on all pages of the examination answer booklet.
  10. Ensure your work is **clear** and **readable**. Untidy work shall be penalized
  11. Any type of examination Malpractice will lead to automatic disqualification
  12. Do not write anything on the question paper.
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### Question 1

At one of the company's advocacy meeting," the Finance Director remarked

"Our main objective in this game is to maximize profits" He sustained, "As long as we have enough funds at our disposal, I do not see why we should recruit a finance manager

- a) Do you agree with this assertion on the first statement? With practical examples Support your views. (10 marks)
- b) Based on the knowledge acquired, strategic importance and routine work schedule of any company provides the pace for the work flow provide your informed advice in relation to the ten principles of financial management. (10 marks)
- c) In Financial management, Budgeting is all about maximizing the value of a business to the shareholders and may be prospective investors. Deliberate. (10 marks)

### QUESTION 2

Centenary Bank is one of the trusted commercial and MFIs' service providers in the country; because of its expertise in credit management and has tested time. Analyze how they use the 5Cs before and during the credit appraisal process. (10 marks)

- ii) Scrutinize the process of Group lending methodology Financial institutions go through when advancing loans. (7 marks)
- b). Raising funds through equity has a lower cost than the option of debt. With examples, justify this statement (8 marks)



### QUESTION 3

**Elites programmers and Technicians Ug Limited's had the following balances extracted from the Trial balances as at 31<sup>st</sup> January 2018**

ITEM	AMOUNT
Opening Inventory	2,000,000
Airtime	450,000
Salaries	4,500,000
Electricity	1,200,000
Rent received	1,300,000
Rent	800,000
Transport	200,000
Repairs and maintenance	750,000
Sales	30,000,000
Advertising	130,000
Commission income	250,000
Discount allowed	500,000
Insurance	300,000
Purchases	15,000,000
Carriage inwards	350,000
Carriage outwards	200,000
Returns inwards	500,000
Returns outwards	250,000
Discount received	650,000
Sundry expenses	100,000
Miscellaneous expenses	150,000

**Additional information:**

- i) Closing inventory was 1,700,000
- ii) Pre-paid Transport 130,000
- iii) Electricity and rent had outstanding balances of 800,000 and 1,600,000 respectively
- iv) Salaries of the technicians had been paid in advance by 1,500,000=
- v) Managers' allowances were met at 1,750,000



**REQUIRED:** To prepare a statement of comprehensive income and determine the Elites programmers and Technicians Ug Limited's financial status (25 marks)

#### **QUESTION 4**

Michelle is a small business owner who has outdated customer information. She wastes a lot of resources connecting with clients or customers which sometimes ends in replicating copies of her mailings. Describe the various resources Michel should exploit to ably manage her business (5marks)

ii) Ascertain the methods Michelle should use to recover her financial resources? (5 marks)

b) Identify the objectives and conflict of working capital management in terms of liquidity and profitability. (7marks)

b) Deliberate on the central role of working capital management in financial management. (8 marks)

#### **QUESTION 5**

WORLD – NETWORK LTD would like to invest in either Laptops or mobile phones business project in the next 5 years as maximum desired payback period, at a rate of return on investment of 20%. The projects require an initial investment of shs 80,000,000, and expected to generate the following cash inflows:

<b>PERIOD/YEARS</b>	<b>LAPTOP SHOP (UGX)</b>	<b>MOBILE PHONE SHOP (UG X)</b>
<b>YEAR 0</b>	-80,000,000	- 80,000,000



YEAR 1	25,000,000	30,000,000
YEAR 2	15,000,000	35,000,000
YEAR 3	10,000,000	12,000,000
YEAR 4	40,000,000	25,000,000
YEAR 5	30,000,000	42,000,000

**Required:**

- Using the payback period determine the project that can be executed (8 marks)
- Calculate the NPV and advise him appropriately (10 marks)
- Advance reasons which may have led to the decline of the cashflows in the third year (5 marks)
- Outline one reason of using discounted rates of return (2 marks)

**QUESTION 6**

Success & Sons had some challenges during this financial year due to critical economic situation in the country which culminated into a functional structure, supplementary budget and increased expenditure. They have approached you as a finance management expert since they are working on their budgetary framework to; i) Advise them on the possible remedies to counteract this situation.

(6 marks)

ii) Enlighten them on the possible process to follow when budgeting emphasizing its importance.

(9 marks)

iii) Incite appropriate sources of funding to assist them revamp their economic situation.

(10 marks)

**SUCCESS**