



TECHNICAL UNIVERSITY OF MOMBASA
School of Business
DEPARTMENT OF ACCOUNTING AND FINANCE
UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF COMMERCE
BACHELOR OF SCIENCE MATHEMATICS & FINANCE

BFI 4310: FINANCIAL STATEMENTS ANALYSIS

SUPPLEMENTARY EXAMINATION

SERIES: NOVEMBER 2024

TIME: 2 HOURS

INSTRUCTIONS: Answer question **one** and any other **two** questions.

Question One.

a) As finance manager, explain the term sustainable growth in the businesses and relate to an organization for its success. **(10marks)**

(b) A business person had financials for the year as below:

- Net income = Ksh. 80,000
- Depreciation/amortization = Ksh. 0
- Change in working capital = – Ksh. 10,000
- Capital expenditure = Ksh. 2,500

From the above information calculate the free cash flow for the business of the person. **(10marks)**

(c) As a finance manager, identified various ratio and their application to a business organization. **(10marks)**

Question Two

As a financial manager, explain the types of ratios and their analysis on and profitability and liquidity to a business. **(10marks)**

(b) As a financial manager, identify different types of financial models that could be used in to businesses application for its success. **(10marks)**

Question Three

(a) As an expert in financial matters, identify and explain five criticisms of ratios for the user to be aware when using each. **(10marks)**

(b) As a financial manager use the below information to calculate the net cash flow of the business.

Cash flow from operating activities:

- Ksh. 12,000 came in
- Ksh. 9,000 went out

Cash flow from investment activities:

- Ksh. 500 came in
- Ksh. 2,000 went out

Cash flow from financial activities:

- Ksh. 4,000 came in
- Ksh. 2,000 went out.

(10marks)

Question Four

(a) “For success of a business, trend analysis and cross sectional analysis are required” As financial manager explain them in relation to businesses.

(10marks)

(b) As finance manager, identify and explain the different types of financial models as applied in businesses. **(10marks)**

Question Five

(a) As a financial manager, calculate the future cash flow forecast of the business from the below information:

- Beginning cash = Ksh. 30,000
- Projected inflows for the next 90 days = Ksh. 30,000

- Project outflows for the next 90 days = Ksh. 4,000. **(10marks)**

(b) As a financial manager, discuss the economic environment for a business to exist in order to succeed. **(10marks)**