



FACULTY OF BUSINESS MANAGEMENT
END OF SEMESTER EXAMINATIONS - APRIL 2025

PROGRAMME: MBA

YEAR/SEM: YEAR 2/SEMESTER 1

COURSE CODE: MBA 811

NAME: CORPORATE FINANCE

DATE: 2025-04-15

TIME: 2:00-5:00PM

INSTRUCTIONS TO CANDIDATES:

1. Read the instructions very carefully
2. The time allowed for this examination is STRICTLY three hours
3. Read each question carefully before you attempt and allocate your time equally between all the Sections
4. Write clearly and legibly. Illegible handwriting cannot be marked
5. Number the questions you have attempted
6. Use of appropriate workplace examples to illustrate your answers will earn you bonus marks
7. Any examination malpractice detected will lead to automatic disqualification.

DO NOT WRITE ANYTHING ON THE QUESTION PAPER

Section A SECTION A IS COMPULSORY

Question 1:

Broadways Limited has an authorized share capital of 50,000 ordinary shares of shs. 10 each. The company's trial balance as at 31st October 2021 was as follows:

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	Shs	Shs
Ordinary shares		300,000
Share premium account		80,000
Freehold premises	350,000	
Plant and machinery	230,000	
Motor Lorries	150,000	
Debtors and creditors	85,000	67,000
10% Debentures		100,000
Purchases and sales	285,000	428,000
General expenses	15,500	
Bad debts	4,300	
Stock 1 st Nov. 2020	32,600	
Debenture Interest (half year)	5,000	
Discount received		4,200
Bank	47,800	
Salaries	45,000	
Director's salaries	20,000	
Insurance	4,000	
Provision for depreciation		
Plant and machinery		175,000
Motor lorries		80,000
Profit and Loss account (1 st Nov. 2020)		40,000
	<u>1,274,200</u>	<u>1,274,200</u>

Additional information:

- At 21st October 2021
 - Insurance shs. 600 was prepared
 - Stock was valued at shs. 34,300
 - A corporation tax of shs. 15,000 is to be made
 - The directors propose to pay a dividend of 10% to the ordinary shareholders.
- Depreciation is to be calculated on fixed assets at 20% on the reducing balance basis.
- The debenture interest for the second half of the year is to be accrued.

Required:

Trading and Profit and loss account for the year to 31st October, 2021 and a Balance Sheet as at that date.
(40 Marks)

Section B ATTEMPT ANY THREE QUESTIONS FROM THIS SECTION

Question 1:

- What do you think are the essentials of an effective budgetary control system? (10 Marks)
- Discuss the nature and functions of a budget committee. (10 Marks)

Question 2:

- What are the Debentures and Why do debentures defer from shares (10 Marks)
- What are the main characteristics of Debentures. (10 Marks)

Question 3:

1. Write short notes on:
 - (i) Preference shares
 - (ii) Deferred shares
 - (iii) Participating preference shares
 - (iv) Authorized shares capital
 - (v) Called-up capital
- (20 Marks)

Question 4:

- A. What are the drivers for firms becoming more socially responsible: (10 Marks)
- B. Discuss the five benefits of the Corporate Social Responsibility (10 Marks)

Question 5:

- a) Give the differences between Revenue Reserves and Capital Reserves (10 Marks)
- b) Give the Importance of the Working Capital. (10 Marks)

Question 6:

A complete set of Financial Statements includes the following five components:

- 1) Income statement
 - 2) Balance sheet
 - 3) Statement of changes in Equity
 - 4) Cash flow statement
 - 5) Accounting policies and Explanatory Notes
- What are the purposes of these Financial Statements (20 Marks)