

**041306T4BUS**  
**BUSINESS MANAGER LEVEL 6**  
**BUS/OS/BM/CR/05/6/A**  
**Manage Business Assets and Liabilities**  
**Nov. /Dec. 2022**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**WRITTEN ASSESSMENT**

**Time: 3 hours**

**INSTRUCTIONS TO CANDIDATES**

*Marks for each question are as indicated.*

*This paper consists of **two** sections: A and B.*

*Answer **all** questions in section A, question **eleven** and any **two** in section B*

*You are provided with a separate answer booklet.*

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This paper consists of **five** printed pages

Candidates should check the question paper to ascertain that all pages are printed as indicated and that no question is missing.

**SECTION A: (40 Marks)**

Answer **all** questions in this section.

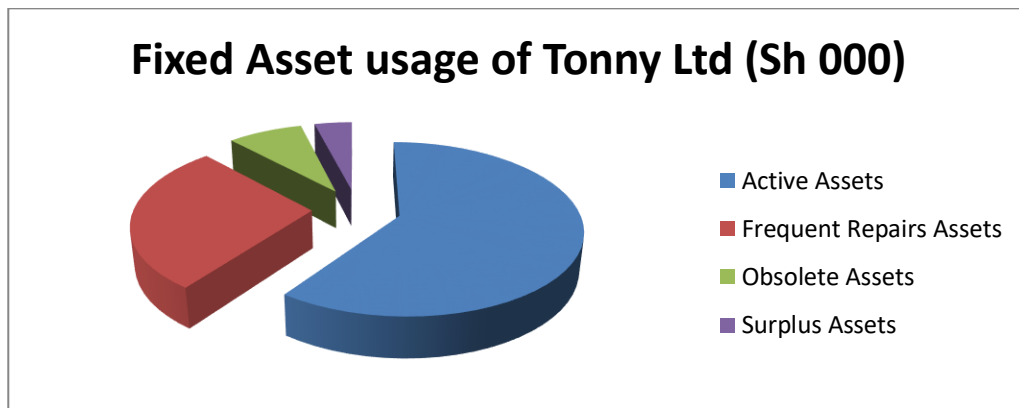
1. List **four** intangible assets that may be found in a multinational manufacturing company. (4 Marks)
2. State **four** reasons for disposing of assets of a business. (4 Marks)
3. State **four** physical control measures a manager may take to ensure the safety of assets in an institution. (4 Marks)
4. State **four** procedures used in liability management in a business. (4 Marks)
5. List **four** benefits of computerized asset and liability registries. (4 Marks)
6. As an assets and liabilities manager in an organization, list **four** phases of the accounting process. (4 Marks)
7. List **four** qualities of good accounting information. (4 Marks)
8. State **four** reasons for preparing the statement of comprehensive income. (4 Marks)
9. State **four** stages in a procurement process. (4 Marks)
10. State **four** considerations of a good asset and liability management system. (4 Marks)

**SECTION B: (60 Marks)**

Answer Question **eleven** and any other **two** questions in this section.

**11. CASE STUDY**

You have been recently employed as a supervisor in Tonny Ltd. You have obtained feedback on the analyzed status of fixed assets in your organization as shown below.



Prepare a report addressing each of the following issues:

- i. meaning of each of the four current status of the assets; (4 Marks)
- ii. causes of the current status; (4 Marks)
- iii. how you would deal with each of the asset status; (6 Marks)
- iv. advising the management on optimal management of resources. (6 Marks)

12. The following are inventory transactions of a consumable store at Bettax Ltd for the month of August 2020.

August 1: Balance in hand	400 units at ksh 20 per unit
3: Purchased	1,500 units at ksh 22 per unit, GRN 490
15: Issued	700 units, MRF 107
20: Purchased	2,700 units at ksh 18 per unit GRN 567
30: Issued	1,900 units, MRF 236

- i. Complete the stores ledger form given below using First in First out (FIFO) Method. (10 Marks)
- ii. Outline **five** causes of inventory discrepancies revealed in stock taking. (5 Marks)
- iii. Outline **five** measures that you would take to prevent discrepancies in consumable inventories in the store. (5 Marks)

<b>Bettax Ltd</b>											
<b>Stores Ledger Account</b>											
<b>Material: PT43</b>											
<b>Method: FIFO</b>											
Date	RECEIPTS				ISSUES				BALANCE		
	GRN	Quantity	c/u	Amount	MRF	Quantity	c/u	Amount	Quantity	c/u	Amount
2020		Units	Ksh	Ksh		Units	Ksh	Ksh	Units	Ksh	Ksh

13. Wali Ltd bought a photocopier and a printer for Ksh. 400,000 and Ksh. 55,000 on 24/2/2020 and 13/3/2020 respectively. The Asset No. for the photocopier is 47227 and for the printer 7469216 with accounts code of FA 0041 and FA0112 respectively. The photocopier is at the

reception while the printer is for the accounts office. The firm's policy is to depreciate equipment at 20% per annum on reducing balance basis.

- i. Calculate depreciation in the first 3 years of use. (10 Marks)
- ii. Outline **five** measures you would take to ensure that the photocopier is not open to misuse. (5 Marks)
- iii. Highlight **five** items that should be included when preparing assets and liabilities reports. (5 Marks)

14. a) Wakulima LTD is intending to undertake two project X and Y. Project X requires initial cost of Ksh. 120,000 and installation cost is Ksh. 40,000. Project Y will requires initial cost of Ksh. 200,000. The following are the expected cash inflows for the two projects:

Projects	X	Y
	Ksh	Ksh
Year 1	60000	70,000
Year 2	72000	60,000
Year 3	35000	45,000
Year 4	48000	30,000
Year 5	30,000	25,000

(I) Compute the Net Present Value (NPV) if the discount rate is 12% p.a. (9 Marks)

(II) Advise the management which project to undertake. (1 Mark)

b) Explain **five** factors an investment manager should consider in making investment decision for a firm. (10 Marks)