



**NATIONAL EXAMINATION
AND SCHOOL INSPECTION
AUTHORITY**

BUS – Stock and Cash Management

T158

Thursday, 29/7/2021

08:30 - 11:30 AM

Names

Index number

TVET NATIONAL EXAMINATION, RTQF LEVEL 5, 2020-2021

QUESTIONS and ANSWERS BOOKLET

OPTION/TRADE: **BUSINESS SERVICES**

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SUBJECT: **Stock and Cash Management**

ACADEMIC YEAR: 2020-2021

Read carefully the instructions on page (i) & (ii).

FOR EXAMINER'S USE ONLY

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TVET NATIONAL EXAMINATION, RTQF LEVEL 5, 2020-2021

INSTRUCTIONS TO CANDIDATES: PART I (Answer Booklet)

1. A candidate should fill in the actual names and the index number on the cover of this questions and answer booklet on the provided place (Black Box).
2. It is illegal for a candidate to write any of his/her names, index number or a school name inside the answer booklet.
3. A candidate should check if all pages of the answer booklet are complete. No candidate should remove or tear any pages or part of it from the answer booklet.
4. A candidate should answer in the language in which the examination is set. (See page **(ii)**)
5. A candidate should sign on the sitting plan when submitting the answer booklet. He/she has also to check if the answer booklet is well sealed.
6. No extra paper is allowed in the examinations room. If a candidate is caught with it his/her results will be nullified.
7. No candidate is allowed to write answers not related to the subject being sat for, otherwise it will be considered as a cheating case.
8. Write your answers on the 12 lined pages (From page 1 of 12 to page 12 of 12).
9. Use the last non-lined pages as draft.
10. Results for any candidate who is caught in examination malpractices are nullified. The cheating can be recognized during examinations administration, marking exercise or even thereafter.

TVET NATIONAL EXAMINATION, RTQF LEVEL 5, 2020-2021

OPTION/TRADE: BUSINESS SERVICES

SUBJECT: Stock and Cash Management

DURATION: 3 hours

INSTRUCTIONS TO CANDIDATES: PART II (Question paper)

The paper is composed of two (2) Sections as follows:

Section I: Attempt all the Twelve (12) questions (60 marks)

Section II: Attempt any Four (4) questions out of Six (6) (40 marks)

Allowed materials:

- Ruler or square
- Calculator

Note:

Every candidate is required to carefully comply with the provided assessment instructions.

Section I : Attempt all the Twelve (12) questions (60 marks)

(5 marks)

01. Answer by True or False.

- (a) Liquidity is a company's ability to convert its assets to cash in order to pay its liabilities when they are due.
- (b) Liquidity does not depend on the speed at which the assets should be turning to cash, or the assets' nearness to cash.
- (c) Inventory is not considered to be a "quick asset".
- (d) To assist in evaluating a company's liquidity, the financial ratio known as the quick ratio or acid- test ratio is calculated by dividing the amount of the company's quick assets (cash, temporary investments, and accounts receivable) by the amount of the company's current liabilities.
- (e) Cash is the most liquid asset a company can possess.

02. State and explain any five (5) sources of business capital. (5 marks)

03. Complete the missing points. (5 marks)

- (a) Cash sale of merchandise is recorded in the journal.
A credit sale of an asset is recorded in general journal.
- (b) The special journal used for recording the credit purchase of merchandise is called a journal.
- (c) In purchase journal transactions of merchandise purchased on credit for sale are recorded. An asset purchased on the account is not recorded in the journal.
- (d) Many people are of the opinion to record all credit transactions in the multi-column journal.
- (e) Since purchase journal is meant for recording merchandise purchased on credit purchase of assets and other things on credit should not be recorded in the purchase journal rather a recording of these in is more acceptable.

04. What are the main elements of a trading journal? (5 marks)
05. Suppose \$1=0.8 Euros in London and \$1= 0.7 in New York. Which of the following would be the right trade for you to make money?
- a) You sell euros in London and buy euros in New York
 - b) You sell dollars in New York and buy euros in London
 - c) You sell dollars in London and buy dollars in New York
 - d) You sell euros in London and buy dollars in New York. (5 marks)
06. Differentiate between bank notes from bank coins. (5 marks)
07. Differentiate resources allocation from resources mobilization. (5 marks)
08. Answer by TRUE or FALSE: (5 marks)
- a) Resources are defined as factors of production.
 - b) Allocation of resources by merit means a reward system suggesting that rewards should be distributed according to the productivity effort or demonstrated ability.
 - c) Allocation by random assignment refers to the default allocation method when no other allocation method works.
 - d) Sale of assets is an internal source of capital.
 - e) A working capital is calculated by taking Total current assets subtracts total current liabilities.
09. For individuals and companies to start or expand their business activities, they may use their own capital or borrowed capital. Give five (5) factors known as Five Cs that lenders consider before granting credit to their customers. (5 marks)
10. a) Define the term "start-up finance". (2 marks)
- b) Give three (3) examples where start -up finance is needed. (3 marks)
11. Assume current assets worth 125 and current liabilities worth 100 and stock worth 50. Calculate liquid ratio. (5 marks)
12. Give five (5) ways of stocking goods conveniently. (5 marks)

Section II: Attempt any Four (4) questions out of Six (6) (40 marks)

13. Give an example of a forex trading journal. (10 marks)

14. a) List and explain three main types of investment cost in Business. (6 marks)

b) State four (4) examples of business requirements. (4 marks)

15. Differentiate Base Currency Journal Lines from Base Currency Adjustment Lines. (10 marks)

16. Classify the following activities under: operating activities, investing activities, financing activities. (10 marks)

- a) Cash payments to acquire shares or debentures of other entities
- b) Cash payments to suppliers for goods and services
- c) Cash received from the sale of goods and the rendering of services
- d) Cash repayment of amount borrowed
- e) dividends paid to shareholders
- f) Dividends received from shares acquired in BB ltd

OPERATING ACTIVITIES	INVESTING ACTIVITIES	FINANCING ACTIVITIES

17. KUNDUMURIMO Company Ltd is a food processing company located at Muhanga Disstrict. It is facing the problem of mismanagement store resulting to understate of stock which causes the lack of timely delivery to its customers and overstate of stock which causes the lack of timely delivery to its customers and overstate of stock which leads to high cost of handling stock. KUNDUMURIMO COMPANY Ltd is looking for ways to set a minimum stock level to satisfy the needs of its customers in line with its cost capacity and maximum stock level to avoid losses. As

a competent trade retailer, you are hired to determine the minimum and maximum stock level for the following transactions mentioned below within 2 hours.

Normal usage 50 units per week each,

Minimum usage 25 units per week each,

Maximum usage 75 units per week each

Re-order quantity A 400 units; B 500 units

Minimum Re-order period A 6 weeks

Maximum Re-order period A 8 weeks

Re-order period B 4 to 6 weeks.

a) Determine minimum stock level for each product.

(5 marks)

b) Determine maximum stock level for each product.

(5 marks)

18. In the month of February 2019, we managed to carry out the following movements in our store,

February 1: Initial stock was 10,000 kgs for 50,000 rwf

February 3: Received 70,000 kgs for 227,500 rwf; receiving slip number 3

February 4: 60,000 kgs of goods issued, issue note number 10

February 10: Received 40,000 kgs being worth of 134,000 rwf, receiving slip number 4

February 12: 40,000 kgs of goods issued, issue note number 11

February 20: Received 50,000 kgs for 174,500 rwf, receiving slip number 5

February 22: 44,000 kgs of goods issued, issued note number 12

Required:

A. Prepare the stock card using FIFO Method.

(5 marks)

B. Show the closing stock at 28, February 2019.

(5 marks)

