



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2013/2014

FIRST YEAR FIRST SEMESTER EXAMINATIONS FOR THE
DEGREE OF MASTER OF ARTS IN PROJECT PLANNING AND
MANAGEMENT
(CITY CAMPUS)

PPM 824: PROJECT FINANCE

Date: 26th November, 2013

Time: 5.30 - 8.30 p.m.

INSTRUCTIONS:

- Answer ANY FOUR questions.

1. Discuss the factors considered by entrepreneurs when choosing a form of business organization. (20 Marks)

2. The following trial balance was extracted from the books of SPA & Company limited as at 31st December 1999.)

SPA & Co Limited

Trial Balance

As at 31/12/2013

	Dr	Cr
Cash	13,000	
Sundry debtors	10,000	
Bill receivable	8,500	
Opening stock	45,000	
Building	50,000	
Furniture and fittings	10,000	
Investment (Temporary)	5,000	
Plant and Machinery	15,500	
Bills payable		9,000
Sundry creditors		20,000
Capital		78,200
Drawings	1,000	
Sales		100,000

Sales discount	400	
Purchases	30,000	
Freight in	1,000	
Purchase discount		500
Sales salary expenses	5,000	
Advertising expenses	4,000	
Miscellaneous sales expenses	500	
Office salary expenses	8,000	
Misc. general expenses	1,000	
Interest income		1,000
Interest expenses	<u>.....800</u>	<u>.....</u>
	<u>..2,08,700</u>	<u>2,08,700</u>

Closing stock on December 31, 19 ... was Kshs.10,000

Use the information to prepare the following financial statements:

- i) Trading Account (7 Marks)
- ii) Profit and loss account (6 Marks)
- iii) Balance sheet (7 Marks)

3a. Distinguish between concession deed and off-take agreement as applied in project finance (10 Marks)

- b. Examine the accounting errors that distort the accuracy of the financial statements (10 Marks)
4. Assess the various of sources of project finance. (20 Marks)
5. Account for the appropriateness of budgeting in project finance. (20 Marks)
6. Examine the application of computers in accounting. (20 Marks)