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(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR
FOURTH YEAR FIRST SEMESTER
MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCF440E

COURSE TITLE: STRATEGIC FINANCIAL MANAGEMENT

DATE: 21ST APRIL, 2023

TIME: 2.00PM - 4.00PM

INSTRUCTIONS TO CANDIDATES

1. Answer a total of **three** questions; question **one** and any other **two** questions.
2. Question **one** carries **30 marks** and each of the other two questions carry **20** marks each.

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over.

SECTION A

QUESTION ONE

- a) Explain the FOUR STRATEGIC management processes [10 marks]
- b) Discuss THREE advantages and disadvantages of the Economic Value Added (EVA) as a measure of company performance [12 marks]
- c) What are the features of strategy [8 marks]

QUESTION TWO

- a) What are the components of strategic Financial Management [10 marks]
- b) What are the causes of firm failure [10 marks]

QUESTION THREE

An extract from the financial statements of a firm are as follows

Cash flow from operations	4,800
Net income	3,771
EBIT	5,664
Depreciation and amortization	2,051
Other non-cash adjustments	233
Change in working capital	213
Capital expenditure	4,318
Net debt financing	480
Interest expense	258
Tax rate	30%

Required: Calculate the free Cash flows to equity holders and debt-holders [20 marks]

QUESTION FOUR

- a) Evaluate the FIVE sources of funds available for the Acquisition strategy [10 marks]
- b) Explain ways a firm can acquire competitive advantage [10 marks]

QUESTION FIVE

- a) What are the features of strategic Financial management decision [10 marks]
- b) Highlights reason for underperforming projects [10 marks]