



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS

2023/2024 ACADEMIC YEAR

FOURTH YEAR FIRST SEMESTER

**SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF COMMERCE (FINANCE OPTION)**

COURSE CODE: BCM 4112-1

COURSE TITLE: PERFORMANCE MANAGEMENT

INSTRUCTIONS TO CANDIDATES

1. Answer Question **ONE** and any other **Two** questions
2. All Examination Rules Apply

QUESTION 1 (20MARKS)

- a) Explain the objectives of target costing **(3mks)**
b) Explain the importance of benchmarking **(4mks)**
c) Explain three aims of transfer pricing **(3mks)**
d) The sales and purchases of Whitesale Co. Ltd. For the month of May 2022 amounted to Sh.100,000 and sh.60,000 respectively. All sales and purchases are on 30 days credit terms.

Details of the company's working capital at the beginning and end of May 2022 were as follows:

	May 1 st 2022 Sh.	May 31 st 2022 Sh.
Debtors	85,000	105,000
Stocks at cost	<u>45,000</u>	<u>35,000</u>
Total current assets	<u>130,000</u>	<u>140,000</u>
Creditors	40,000	63,000
Provision for taxation (Sh.20,000 payable in December 2022)	20,000	25,000
Proposed final dividend (Payable in June 2022)	30,000	30,000
Bank overdraft (The limit is Sh.35,000 to be reduced to Sh.10,000 in September, 2022)	<u>25,000</u>	<u>17,000</u>
Total current liabilities	<u>115,000</u>	<u>135,000</u>
Net Working Capital	<u>15,000</u>	<u>5,000</u>

Required:

- (a) (i) Calculate the liquidity ratio as 31st May, 2022. **(2mks)**
(ii) What other information would provide a better test of the company's short term liquidity other than the liquidity ratio? **(2mks)**
(b) (i) Calculate the debtors' turnover rate for May 2022

(ii) What other information would provide a better test of the company's efficiency in debt collection other than the debtors' turnover rate? **(2mks)**

(c) (i) Calculate the stock turnover rate for May 2022 **(2mks)**

(ii) What other information would provide a better test of the company's efficient management of investment in stocks other than the stock turnover ratio? **(2mks)**

QUESTIPN TWO

a) Explain the performance management concerns. **(10marks)**

b) Budgeting is a critical process for any business in several ways. Discuss **(5marks)**

QUESTION THREE

Performance management is a systematic process for improving organizational performance by developing the performance and Teams. It also involves establishing a shared understanding about what is to be achieved and how it should be achieved and the approach to managing people that increases the probability of achieving success. In relation to this definition, discuss the importance and characteristics of this process in the management of Safaricom ltd Company. **(15 marks)**

QUESTION FOUR

As an expert in Performance management, advise the management of Maasai Mara University on how best they can improve their performance based on the three key performance theories. **(15marks)**