ZIMBABWE

MINISTRY OF HIGHER AND TERTIARY EDUCATION, INNOVATION, SCIENCE AND TECHNOLOGY DEVELOPMENT

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL DIPLOMA

IN

BANKING AND FINANCE

SUBJECT: Micro Business Finance **PAPER NO:** 524/15/S08

DURATION: 3 Hours

NOVEMBER/DECEMBER 2025 EXAMINATION

REQUIREMENTS

Non programmable calculator

INSTRUCTIONS TO CANDIDATE

1) Answer any five (5) questions.
2) All questions carry equal marks.

This paper consists of 4 printed pages.

PAPER NO: 524/15/S08-MICRO BUSINESS FINANCE

QUESTION 1

Explain any five (5) types of risks which affect micro businesses. (20 marks)

QUESTION 2

a) Discuss the Ansoff matrix as a strategic tool that can be used by micro finance businesses to identify growth opportunities. (10 marks)

b) Explain any five (5) importances of the business plan. (10 marks)

QUESTION 3

Identify and explain five (5) sources of finance for micro-businesses. (20 marks)

QUESTION 4 (write as it is)

A company is considering purchasing a new machine. Machines A and B are available for $80 000 each. Cashflows after taxation are as follows:

Year	Machine A	Machine B
1	24000	8000
2	32000	24000
3	40000	32000
4	24000	48000
5	16000	32000

Required:

Evaluate the alternatives using the following

a) Payback period (6 marks)

b) Net present value (14 marks)

10%

QUESTION 5

The following is an extract from the published financial statements of BK Ltd for the year ended 31 December 2011.

	2011
Profit and loss extract	80 794
Turnover	9707
Operating income	1584
Interest paid	8123
Profit before taxation	758
Taxation	7365
Attributable earnings (net profit)	1969
Ordinary dividend	

Balance sheet extract 2011 balance sheet extract 2011

	7802
Share capital (31208 at 25 cents)	9135
Capital reserve	12108
General reserve	18910
Retained profit	**47955**
Shareholders equity	**12131**
Fixed assets	3884
Long term debt	**66402**
Current assets	25988
Cash	25805
Debtors	14609
Inventories	**26694**
Current liabilities	10934
Short term borrowings	15760
Creditors	1969
Proposed dividend	**39708**
Net current assets	

Calculate the following ratios and interpret what they measure in a company:

a) Current ratio (5 marks)

b) Debt to equity ratio (5 marks)

c) Earnings per share (5 marks)

d) Return on equity (5 marks)

QUESTION 6

a) Verb Ltd borrows $10000 at 25% pa, compounded semi annually. The loan is payable over a 3 year period in equal semi annual payments.

Determine the semi annual payments and construct an amortisation schedule. (16 marks)

b) Explain the time value of money concept. (4 marks)

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