



**The Chartered  
Institute of Logistics  
and Transport**

## **DIPLOMA IN SUSTAINABLE SUPPLY CHAINS, DIGITALISATION, AND LOGISTICS**

### **FUNDAMENTALS OF FINANCE FOR SUPPLY CHAIN**

**M03**

**JUNE 2025 EXAMINATION**

#### **Instructions to Candidates**

- Duration of examination: **3 HOURS**
  - **Answer any FOUR questions**
  - Questions may be answered in any order
  - Allocation of marks is indicated along each question
  - Credit will be given for citing relevant examples
  - Write legibly
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#### **QUESTION 1**

Write short notes on the following accounting terms:

- |                        |                  |
|------------------------|------------------|
| a) Assets              | <b>(5 marks)</b> |
| b) Capital             | <b>(5 marks)</b> |
| c) Creditors           | <b>(5 marks)</b> |
| d) Debtors             | <b>(5 marks)</b> |
| e) Capital Expenditure | <b>(5 marks)</b> |

## QUESTION 2

Identify and discuss any 5 external and 5 internal users of accounting information in any organisation of your choice. **(25 marks)**

## QUESTION 3

Write brief notes on the following strategic financial management concepts:

- i) Payback period method **(5 marks)**
- ii) Internal rate of return technique **(5 marks)**
- iii) Return on Investment **(5 marks)**
- iv) Telegraphic Transfers **(5 marks)**
- v) Green financing **(5 marks)**

## QUESTION 4

A logistics company is planning a new supply chain project and has provided the following budget estimates:

1. Transportation costs: \$250,000
2. Warehousing costs: \$150,000
3. Inventory holding costs: \$100,000
4. Administrative costs: \$50,000
5. Contingency fund: 10% of total costs

The company expects to generate \$700,000 in revenue from the project.

**You are required to:**

- (a) Calculate the total budget for the project, including the contingency fund. **(5 marks)**
- (b) Determine the profit margin as a percentage of revenue. **(5 marks)**
- (c) If the company wants to reduce total costs by 15%, calculate the revised budget and profit margin. **(10 marks)**

- (d) Discuss how effective budgeting and cost control can improve financial performance in supply chain projects. **(5 marks)**

### QUESTION 5

Explain the following key accounting terms used by organisations:

- a) Fixed Assets **(5 marks)**
- b) Variable Costs **(5 marks)**
- c) Fixed Costs **(5 marks)**
- d) Payback period **(5 marks)**
- e) Investors **(5 marks)**

### QUESTION 6

Company A intends to acquire Company B with shares of common stock. Company B has agreed to an offer of \$35 in common stock of Company A.

	<b>COMPANY A</b>	<b>COMPANY B</b>
Present Earnings	\$ 20 million	\$ 5 million
Shares outstanding	5 million	2 million
Earnings Per Share	\$ 4.00	\$2.50
Price Per Share	\$ 64	\$30
Price/ Earnings Ratio	16	12

**You are required to:**

- i) Effect the acquisition and show the above financial statistics for the new company after the merger. **(11 marks)**