



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS

2017/2018 ACADEMIC YEAR

SECOND YEAR SECOND SEMESTER

SCHOOL OF BUSINESS AND ECONOMICS

**BACHELOR SCIENCE IN PROJECT
PLANNING AND MANAGEMENT**

COURSE CODE: BCM 2209

COURSE TITLE: PRINCIPLES OF FINANCE

DATE: 23RD APRIL 2018

TIME: 1100 – 1300HRS

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **THREE** questions

QUESTION ONE (25 MARKS)

1. a) Briefly explain any 4 finance function or decision. **(8 marks)**
- b) Discuss any four roles of a financial manager. **(8 marks)**
- c) How is finance function related to management function? **(9 marks)**

QUESTION TWO(15 MARKS)

2. a) Recently in Kenya we have observed the strengthening of the inspection of banks through the Central Bank. Why is bank inspection important? **(7 marks)**
- b) Explain the role and mandate of the Depositors Protection Fund. **(8 marks)**

QUESTION THREE(15 MARKS)

3. a) What special problems are faced by informal sector entrepreneurs in raising of capital. **(10 marks)**
- b) How can these problems be addressed? **(5 marks)**

QUESTION FOUR (15 MARKS)

4. a) Explain the term financial systems **(3 marks)**
- b) With the aid of a chart, explain the main components of financial markets, giving examples. **(12 marks)**

QUESTION FIVE(15 MARKS)

Capital Markets in Kenya have expanded over last years. The expansion is due to;

- i. The initiatives of Capital Markets Authority.
- ii. The introduction of new “financial instruments.”
- iii. The appreciation of the role and the function of the Capital Markets by Kenyans.

REQUIRED

- a) What are the roles of Capital Markets Authority? **(6 marks)**
- b) Explain the meaning of the term “Financial Instrument” **(3 marks)**
- c) Describe the following investments:
 - i. Treasury bills **(3 marks)**
 - ii. Commercial papers **(3 marks)**

END//