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**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN, BUNGOMA, WEBUYE CAMPUS

**UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR**

**FIRST YEAR SEMESTER TWO EXAMINATION
FOR CERTIFICATE**

**IN
BUSINESS MANAGEMENT**

COURSE CODE: CBF 105

COURSE TITLE: FUNDAMENTAL OF FINANCE

DATE: Monday 24th April 2023

TIME: 8,00-10.00pm

INSTRUCTIONS TO CANDIDATES

Answer QUESTION ONE and any OTHER TWO questions

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

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

QUESTION ONE (30 MARKS)

- a) (i) Define the term money. (2 Marks)
ii) Explain **FOUR** characteristics of money as taught in this course. (8 Marks)
- b) Explain **THREE** types of conflicts that exist in companies as explained in the Agency theory. (6 Marks)
- c) Give **FOUR** solutions to the agency conflict existing between shareholders vs the management. (4 Marks)
- d) Discuss any **FIVE** sources of business finance that you learnt in this course. (5 Marks)
- e) Explain any **FIVE** types of Markets as taught in Fundamentals of Finance course. (5marks)

QUESTION TWO (20 MARKS)

- a) Explain **FIVE** probable sources of revenue for the government. (10 Marks)
b) Explain any **FIVE** functions of Central bank of Kenya. (10 Marks)

QUESTION THREE (20 MARKS)

- a) Discuss **FIVE** characteristics that an item has to have in order to be termed as money. (10 Marks)
b) Explain any **FIVE** unfavorable arguments for profit Maximization goal of a firm. (10Marks)

QUESTION FOUR (20 MARKS)

- a) Mr. Kariuki decided to invest sh. 100,000 in savings account paying 8% interest semi – annually. If she leaves the money in the account for 2 years, how much will he have at the end of the two years? (5 Marks)
- b) Briefly Explain what you understand by the term “ time value of money” (3 Marks)
- c) A finance manager plays a very important role in an organization. Explain the roles that the finance manager plays. (12 Marks)

THE END