



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS September - December 2021 SEMESTER

CERTIFICATE

COURSE CODE: CIBF 001

COURSE TITLE: FUNDAMETALS OF FINANCE

DATE:

TIME:

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: *All exam rooms are under CCTV surveillance during the examination period.*

SECTION A: COMPULSORY

Question One

- a) Define finance and Outline areas covered under finance. **[6 marks]**
- b) Commercial banks performs many functions in the economy. Describe any five major functions performed by commercial banks in Kenya **[10 marks]**
- c) People have the obligation to pay taxes. Explain five purposes of taxes paid by citizens and businesses in a country. **[10 marks]**
- d) Business firms and individual can source finances from different sources. Highlight three collaterals used to secure finance for business firms **[6 marks]**
- e) Money is used as a medium of exchange. Explain four functions of money. **[8 marks]**

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

- a) Explain factors to consider in order to choose an appropriate source of finance for business enterprise. **(10 marks)**
- b) Define what public debt is and discuss the importance of public debt in Kenya. **[10 marks]**
- a)

Question three

- a) Define what investing is and outline any four reasons for investing. **[10 marks]**
- b) Define financial management. Highlight the areas covered under financial management **[10 marks]**

Question Four

a) Before invention of money people used bartering. Explain the problems associated with bartering

[10 marks]

b) Central of Kenya has mandate to carry out several functions in the economy.

State five functions of Central Bank of Kenya in the economy

[10 marks]

Question five

a) What is financial risk? Highlight five types of financial risks

[10 marks]

b) Budgets can be divided into three categories. Explain the three categories of budgets.

[10 marks]