



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY-APRIL 2025 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCFI 400

COURSE TITLE: ASSET MANAGEMENT

DATE: 3 APRIL 2025

TIME: 8.00 AM – 10.00 AM

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **TWO** 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

Asset management is maintaining a desired level of service for what you want your assets to provide at the lowest life cycle cost. Lowest life cycle cost refers to the best appropriate cost for rehabilitating, repairing or replacing an asset. Asset management is implemented through an asset management program and typically includes a written asset management plan.

- a) Explain five benefits of managing assets. **[10 Marks]**
- b) Describe three categories of assets according to financial management. **[6 Marks]**
- c) Assume you have been appointed as the asset manager of Bidco Limited. Discuss five steps to manage the company assets. **[10 Marks]**
- d) Identify any four institutions involved in asset management. **[4 Marks]**

SECTION B: ANSWER ANY TWO QUESTIONS

Question Two

- a) Mortgage is a method of using property as the security for the performance of an obligation, usually the payment of debt. Discuss five types of mortgages. **[10 Marks]**
- b) What is a financial risk? **[2 Marks]**
- c) A pension Scheme is an investment vehicle whose aim is to provide an individual with the sufficient and consistent source of income after retirement. Explain four main types of pension scheme in Kenya. **[8 Marks]**

Question three

- a) A mortgage contract is contained in the mortgage deed which is a document that does not transfer ownership of land but merely confer certain rights upon lender. Discuss five parties to a mortgage transaction. **[10 Marks]**
- b) There may not be a lot of deviation to any other ordinary assessment on loan application. Describe four factors to be considered when assessing a lease application. **[4 Marks]**
- c) Briefly explain any three types of values in asset valuation. **[6 Marks]**

Question Four

- a) A monthly mortgage is a common example of a liability that a consumer pays for from current cash inflows. Each month, the mortgagor must have sufficient assets to pay their mortgage. Discuss five features of mortgages. **[10 Marks]**
- b) Leasing is the process of lending capital item to a person or company in return of regular payment over a specific period of time. Discuss five benefits that are accrued by the lessee. **[10 Marks]**

Question five

- a) Real estate appraisal, property valuation or land valuation is the process of valuing real property. The value usually sought is the Market value. In view of the same, elaborate on the three approaches to value. **[9 Marks]**
- b) A trust is a legal arrangement where one or more 'trustee' are made legally responsible for holding asset. Explain three characteristics of a trust. **[6 Marks]**
- c) The resources of a firm are essential for generation of revenue. Highlight any five functions of an asset manager in a firm. **[5 Marks]**