



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY  
SCHOOL OF BUSINESS & ECONOMICS  
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS  
ADMINISTRATION WITH IT  
4<sup>th</sup> YEAR 1<sup>st</sup> SEMESTER 2018/2019 ACADEMIC YEAR  
KISII CAMPUS-PART TIME**

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**COURSE CODE: ABA 406**

**COURSE TITLE: MANAGEMENT OF FINANCIAL SERVICES**

**EXAM VENUE:**

**STREAM: (BBA)**

**DATE: 16/4/19**

**EXAM SESSION: 12.00 – 2.00PM**

**TIME: 2 HOURS**

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**Instructions:**

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

### **QUESTION ONE**

- a. State the benefits that may accrue to an organization that uses leasing as a method of financing. (6marks)
- b. State the various reasons for acquisitions and mergers.(6marks)
- c. Explain the factors that one could consider before entering into a lease agreement. (5marks)
- d. Identify and explain **three** accounting considerations in leveraged buy-outs. (6marks)
- e. Highlight five activities of merchant banking. (7marks)

### **QUESTION TWO**

- a. Identify and explain the various types of leasing. (10marks)
- b. Explain the advantages of vertical integration. (10 marks)

### **QUESTION THREE**

- a. Jentix technologies, a business organization based in Kisumu City, is a dealer of electronics. The enterprise is in the verge of collapsing. Mr. Onkoba, the managing director is considering reviving his business. Suggest to him five strategies that he could employ to successfully achieve his objective. (10mks)
- b. Describe any three techniques used in merger analysis, citing relevant examples.(10 marks)

### **QUESTION FOUR**

- a) Explain **five** features of ordinary shares. (10marks)
- b) State **four** advantages of hire purchase as a method of asset financing. (4marks)
- c) Factoring allows a company to raise finance based on the value of its outstanding invoices. Explain **three** reasons why a company will choose this form of finance. (6marks)

### **QUESTION FIVE**

- a. Identify and explain **six** functions of merchant banking. (12marks)
- b. For a firm that is falling, it requires self-evaluation. Explain five key areas that the firm will focus on. (8marks)