



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**SCHOOL OF BUSINESS AND ECONOMICS**

**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF**

**BUSINESS ADMINISTRATION**

**2<sup>ND</sup> YEAR 2<sup>ND</sup> SEMESTER 2018/2019 ACADEMIC YEAR**

**NAIROBI LEARNING CENTER**

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**COURSE CODE: ABA 202**

**COURSE TITLE: INTRODUCTION TO FINANCE**

**DATE: 04/12/2018**

**EXAM SESSION: 9.00 – 11.00 AM**

**TIME: 2 HOURS**

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**Instruction:**

- (i) Answer question ONE and any other TWO questions
- (ii) Candidates are advised not to write on the question paper
- (iii) Candidates must hand in their answer booklets to invigilator while in examination room

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**QUESTION ONE**

- (a) Describe briefly three major source of company finance and discuss the main advantages and disadvantages of each source **(12 marks)**
- (b) What factors should be taken into account before investing into a particular field **(6marks)**
- (c) Companies normally wish to achieve several goals which sometimes overlap and in some cases conflict. Identify these goals and briefly discuss how they may overlap or conflict **(12marks)**

**QUESTION TWO**

- (a) Differentiate between money market and capital market **(10 marks)**
- (b) Outline five reasons behind the ailing growth in Kenya's secondary markets **(10 marks)**

**QUESTION THREE**

Company can issue new shares in a number of ways

**Required**

Identify and explain any **five** methods of issuing new shares **(20 marks)**

**QUESTION FOUR**

Describe the roles of Kenya Industrial Estates (KIE) and Kenya Tourist Development Corporations (KTDC) in economic development of Kenya **(20marks)**

**QUESTION FIVE**

- (a) Define a limited liability company **(2marks)**
- (b) Explain the differences between a limited liability company and a partnership **(12marks)**
- (c) Explain the main reasons for mergers and acquisitions **(6marks)**