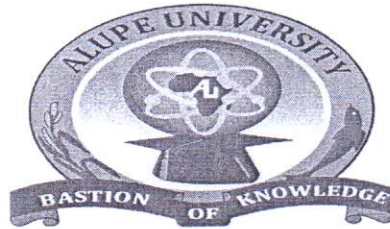


EDB 300



OFFICE OF THE DEPUTY PRINCIPAL
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

UNIVERSITY EXAMINATIONS

2022 /2023 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF EDUCATION ARTS

COURSE CODE: EDB 300

COURSE TITLE: BUSINESS FINANCE I

DATE: 7TH DECEMBER 2022

TIME: 9.00 A.M TO 12.00 P.M

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 3 PRINTED PAGES

PLEASE TURN OVER

MAIN EXAM**EDB 300: BUSINESS FINANCE I****STREAM: BED (Arts)****DURATION: 3 Hours****INSTRUCTIONS TO CANDIDATES**

- i. Answer Question **ONE** and any other **TWO** questions.
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.
- iii. Do not write on the question paper.

QUESTION ONE

- (a) Distinguish the following forms of business organizations;
 - (i) Joint venture versus general partnership (4 marks)
 - (ii) C corporation versus S corporation (4 marks)
- (b) Equity shares is the most common and universal due to its unique pros to the firm. Discuss. (10 marks)
- (c) How does a jobber vary from a broker as far as securities exchange is concerned? (4 marks)
- (d) The following relates to returns of an investor who holds securities in two different companies in Kenya;

A Plc Returns (%)	B Plc Returns (%)	Probability
30	32	0.1
20	22	0.8
10	19	0.1

Required; Compute

- (i) The expected return of each company (2 marks)
- (ii) Which investment is risky to the investor? (6 marks)

QUESTION TWO

- (a) Analyze the contributions made by the time value for money concept in Kenya (4 marks)
- (b) Suppose you decide to deposit Shs.48, 500 received from a friend with plans of starting a small business in future. The interest received from the bank is 5.25 per annum compounded quarterly.

Required; Computation of the total amount in the account after 3 years (4 Marks)

- (c) A certain trader has provided the following loan details;

Loan amount	Shs. 600,000
Interest rate	12%
Duration	4 years

Required; prepare a loan amortization table for the first 4 periods assuming the payment was rendered quarterly (12 marks)

QUESTION THREE

- (a) Using the Kenyan context, contrast the capital from money market (10 marks)
- (b) Ascertain the main obstacles facing the financial markets in Kenya (10 marks)

QUESTION FOUR

- (a) Discuss the genesis for the securities' price variations at the Nairobi Securities Exchange (NSE) (8 marks)
- (b) Bring to light the following concepts as used at NSE
 - (i) Various roles assigned to the brokers (6 marks)
 - (i) Listing methods at the NSE (6 Marks)

QUESTION FIVE

In Kenya, firms are expected to conduct themselves ethically in their through crafting of sound goals. By extension,

- (a) Justify the action by most organization that takes care of the stakeholder's interests beside the shareholders (12 marks)
- (b) Critique the upholding of profit maximization as a financial goal in the firm (8 marks)