



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

..... YEAR SEMESTER EXAMINATION FOR

DIPLOMA SUPPLY CHAIN MANAGEMENT

BUSINESS FINANCE.

DATE:

TIME:

INSTRUCTIONS:

1. a) What is meaning of business finance. (2 marks)
- b). describe four importance of business finance (4 marks)
- c) Explain the following as classification categories of business finance (6 marks)
 - i. Short term finance
 - ii. Medium term finance
 - iii. Long term finance
- d) Differentiate between external and internal sources of business finance (8 marks)
- e) There are methods of increasing short term finance. List and explain three method of increasing short term finances. (6 marks)
- f) Distinguish between cash credit and bank overdraft (4 marks)
2. a) A company decides to increases the finances for their operations. List and explain the methods they could use to raise long term finances (8 marks)
- b) Define the terms. (4 marks)
 - i. Shares
 - ii. Debentures
- b) There are two types of shares in companies, equity shares and preference share. List four differences of these shares (4 marks)

- c) Give the types of preferences shares. (4 marks)
3. a) Debenture is a document issued by a company as an evidence of a debt.
Differentiate the following types of debentures
- i. redeemable and irredeemable debentures (4 marks)
 - ii. Convertible and non-convertible debentures (4 marks)
 - iii. Secured and non-secured debentures (2 marks)
- b) Central banks is an example of financial institutions. List and explain the roles of central bank to its customers. (10 marks)