



Machakos University College

(A Constituent College of Kenyatta University)

University Examinations 2013/2014 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ENTREPRENEURSHIP AND MANAGEMENT

STUDIES

EXAMINATION FOR DIPLOMA IN BUSINESS MANAGEMENT

MONEY AND BANKING

DATE: 14/8/2014

TIME: 8:30 – 10:30

INSTRUCTIONS

- Answer question **ONE (Compulsory)** and any **TWO** in section **B**

Section A (30 marks)

1. a) Define money. (1 mark)
b) Name and explain five advantages of barter trade. (10 marks)
c) Three motives exist as to why people keep money instead of spending. Explain them. (9 marks)
d) Name and explain the advantage of international trade to Kenya as a country. (10 marks)

Section B (40 marks)

2. a) Describe the services offered by a commercial bank to its community. (10 marks)
b) Explain in details the advantages of savings account to its holder. (10 marks)
3. a) Name and explain three non- banking financial institution that exist in Kenya. (6 marks)
b) Explain the functions of central bank of Uganda. (14 marks)
4. a) For one to do business, he/she needs documents that are necessary. Describe the documents one needs to do international trade. (10 marks)

- b) Explain 5 reasons on why a country needs monetary policies. (10 marks)
5. a) Define a bank. (1 mark)
- b) Explain 5 roles of intermediaries. (9 marks)
- c) Explain disadvantages of free trade. (10 marks)