



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING, BANKING AND FINANCE

SECOND YEAR FIRST SEMESTER EXAMINATION FOR

DIPLOMA IN ACCOUNTANCY

BUSINESS FINANCE

DATE: 13/11/2019

TIME: 2.30-5.30 PM

INSTRUCTIONS:

Answer any three questions

QUESTION ONE

- a) Highlight the advantages and disadvantages of a sole proprietor. (10 marks)
- b) Distinguish between internal and external sources of finance for a limited liability company. (10 marks)

QUESTION TWO

- a) What are the advantages and disadvantages of Hire purchase as a source of finance? (10 marks)
- b) Outline the merits of partnership as compared to sole proprietor. (10 marks)

QUESTION THREE

- a) Outline the functions of a financial manager in a contemporary corporate set-up. (12 marks)
- b) What are the weaknesses associated with profit maximization goal? (8 marks)

QUESTION FOUR

write short notes on the following

- a) trade credit
- b) bank overdraft
- c) bank loan
- d) debentures (20 marks)

QUESTION FIVE

Discuss the objectives of a firm. (20 marks)