MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)
University Examinations for 2015/2016 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ENTREPRENEURSHIP AND MANAGEMENT SCIENCES

SECOND SEMESTER EXAMINATION FOR DIPLOMA IN BUSINESS MANAGEMENT

FUNDAMENTALS OF FINANCIAL MANAGEMENT

Date: 11/8/2016 **Time: 8:30 – 10:30 AM**

INSTRUCTIONS

Answer Question One and any Other Two Questions

1. a) Capital structure of a company determines its growth, identify and explain five factors that will influence a company's capital structure (10marks)

   b) Distinguish between profit maximization and wealth maximization (4 marks)

   c) Aprojects initial outlay is sh 400000.The projectssalvage value is sh 80000 and is expected to generate the following profits

Period	Profits
1	100000
2	90000
3	85000
4	70000
5	65000
6	50000

Required

Calculate the projects Accounting Rate of Return. (6 marks)

d) What are the determinants offinance. (10 marks)

2. a) Working capital needs of a firm are influenced by a number of factors. Identify and explain five of the factors (10 marks)

   b) Identify and explain five main goals of a business (10 marks)

3. a) Budgeting is an important process to an organization. Explain. (10 marks)

   b) A company operating on insufficient working capital is likely to experience some problems. Identify some of these problems.

4. a) An investor intends to deposit twenty million in a bank earning an interest of 10% for three years.

   Determine the future value of the money (5 marks)

   b) What are the three main decisions made under the finance function in an organization (5 marks)

5. a) identify and explain five advantages of equity and debt financing respectively (10 marks)

   b) Measuring of cost capital is very important to a firm explain. (10 marks)

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SECOND SEMESTER EXAMINATION FOR DIPLOMA IN PROCUREMENT

DIPLOMA IN SUPPLIES MANAGEMENT

OPERATIONS MANAGEMENT

Date: 5/8/2016 **Time: 8:30 – 10:30 am**

INSTRUCTIONS

Answer Question One and any Other Two Questions

1. a) Why should an organization undertake plant maintance as an important aspect of its production process (10 marks)

   b) Define the term inventory and describe the two stock control methods clearly outlining their characteristics (10 marks)

   c) Explain the two aspects of preventive maintenance (4 marks)

   d) What are the three elements of material handling? (6 marks)

2. a) Identify and explain five principles of management (10 marks)

   b) Explain five determinants of locating a plant in a particular location (10 marks)

3. a) Describe five factors to consider in the design of a plant layout (10 marks)

   b) Why is specialization encouraged in organizations (10 marks)

4. a) Identify and explain three elements of a working system (6 marks)

   b) Define product design and clearly describe the six steps in the design process (14 marks)

5. a) Why do companies keep inventories (10 marks)

   b) Distinguish between make to stock and make to order production systems (10 marks)