MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING BANKING AND FINANCE

FOURTH YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BAC 408 APPLIED INVESTMENTS

DATE: 23/10/2020 **TIME: 2:00 – 4:00 PM**

INSTRUCTIONS:

Answer question one and any other two questions.

QUESTION ONE (COMPULSORY) (30 MARKS)

a) Give an example of liquid and illiquid investments and explain why you consider each of them to be liquid and illiquid. (6 marks)

b) "All investments are characterised by certain common features" Discuss two of these features. (6 marks)

c) To rank the portfolios according to their performance, finance analysts rely on different ratios. Discuss three of these ratios (6 marks)

d) Discuss three reasons for Global Investments (6 marks)

e) Explain two avenues of alternative investments available to Kenyan retail investors (6 marks)

QUESTION TWO (20 MARKS)

"The theory of portfolio allocation seeks to answer questions about portfolio choice and predicts how a saver distributes his savings across alternative investments. According to this theory, savers evaluate five determinants when deciding what investments to make and how much to invest in each alternative" Discuss these determinants of portfolio allocation (20 marks)

QUESTION THREE (20 MARKS)

a) Company X has a beta of 1.45. The expected risk-free rate is 2.5% and the expected market return on the market as a whole is 10%. Using CAPM, Calculate X's expected rate of return (4 marks)

b) Discuss the limitations of the Capital Asset Pricing Model (16 marks)

QUESTION FOUR (20 MARKS)

a) Discuss the difference between "Commingled Fund" and "Mutual Fund" (4 marks)

b) In 1868, Robert Fleming set up the first Investment Trust in Scotland that resembled today's Closed-End Mutual Funds. Since then Mutual Funds have become so popular all over the world. What are the reasons for Mutual Funds popularity? (16 marks)

QUESTION FIVE (20 MARKS)

a) Discuss the four different kinds of Global Investments (12 marks)

b) Draw a properly labelled diagram of the investment process strategy (8 marks)

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DEPARTMENT OF ACCOUNTING BANKING AND FINANCE

SECOND YEAR SECOND SEMESTER EXAMINATION FOR

DIPLOMA IN ACCOUNTING

DACC 213: PUBLIC SECTOR ACCOUNTING

DATE: 21/10/2020 **TIME: 8:30 – 10:30 AM**

INSTRUCTIONS:

Answer question one and any other two questions.

QUESTION ONE (COMPULSORY)(30 MARKS)

a) Discuss the objectives of public sector accounting (6 marks)

b) Explain the bases that guide the public sector accounting systems (6 marks)

c) State and explain the functions of the minister of finance (6 marks)

d) What are the duties of the director of budget in the government (6 marks)

e) Discuss the functions of the Revenue Collector (6 marks)

QUESTION TWO (20 MARKS)

a) Explain using relevant examples how county governments generate their revenue (8 marks)

b) Discuss two sources of the National Government Revenue (12 marks)

QUESTION THREE (20 MARKS)

a) Explain the term grants as used in public sector accounts (6 marks)

b) Describe how a government department estimates its revenues (14 marks)

QUESTION FOUR (20 MARKS)

You work for Machakos County Treasury which has an authorized imp rest of Ksh. 150000. The following transactions took place during the month of November 2019:

November 2019:

Nov. 1: Opening balances: Cash Ksh. 30000

: Bank Ksh. 120000

Nov.2: Received a cheque of Ksh. 6000 in respect of motor vehicle parking fee

Nov.5: Paid telephone expenses Ksh. 650 in cash.

November 6: received cash in respect of trade licences Ksh. 5000

November 7: Paid a cheque of 7500 for mileage claims by various officers.

November 9: Received a cheque of Ksh. 4000 from ABC Cinema in respect of entertainment tax.

November 10: Paid Ksh. 10000 for fuel in cash.

November 11: Paid Ksh. 15000 in respect of newspaper advertisements by cheque.

November 12: Received a cheque of Ksh. 20000 in respect of bill-board advertisement

November 15: Paid Ksh.3500 in cash for office stationary

November 16: Paid a cheque of Ksh. 12000 for street lights repairs.

November 20: Paid for motor vehicle repairs Ksh. 30000 by cheque.

November 21: Received Ksh. 80000 cash from motor vehicle parking fees.

November 25: Received Ksh. 4000 from AB Ltd in cash.

November 26: Paid Ksh. 1000 cash for postage.

November 27: Paid Ksh. 40000 for wages and salaries by cheque.

November 29: Paid 12350 in cash for road repairs.

November 30: Keep a cash balance of Ksh. 2500 and bank the rest of the cash,

From the above transactions you are required to prepare a cash book

QUESTION FIVE (20 MARKS)

"Public sector organizations are owned and controlled by the National or County Government. Several criteria can be used to determine whether a particular organization in any political jurisdiction belongs within the public sector" Discuss these criteria.