MACHAKOS UNIVERSITY

University Examinations 2022/2023

DIRECTORATE TVET

SECOND YEAR SECOND TERM END OF TERM EXAM FOR

CRAFT CERTIFICTAE IN SUPPLIES CHAIN /

CRAFT CERTIFICTAE IN BUSINESS MANAGEMENT

MODULE TWO

BUSINESS FINANCE

DATE: 28/3/2023 **TIME: 8:30 – 11:30 AM**

INSTRUCTIONS:

ANSWER QUESTION ONE AND ANY OTHER TWO QUESTON

QUESTION ONE (30 MARKS)

The following is a mixed stream of cash flows occurring at the **beginning** of each year

Year	Cash flow
	sh.000
1	400
2	800
3	500
4	400
5	300

If a firm has been offered the opportunity to receive the above amounts and if it's required rate of return is 9% what is the most it should pay for this opportunities?

QUESTION TWO (20 MARKS)

Rodgers Masengo just closed a Sh.2, 000,000 business loan that is to be repaid in 3 equal end-of year repayments. The interest rate on the loan is 13%.

Prepare an amortization schedule for the loan

QUESTION THREE (20 MARKS)

Rita Wanda wishes to select the better of two ten-year annuities.

Annuity X is an ordinary annuity of Sh.250, 000 per for 10 years.

Annuity Y is an annuity due of Sh.220, 000 per for ten years.

Find the future value of both annuities assuming that Rita can earn 20% annual interest.

QUESTION FOUR (20 MARKS)

Highlight the advantages and disadvantages of payback period technique method of project appraisal.