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

FIRST/SECOND SEMESTER EXAMINATION FOR DIPLOMA IN BUSINESS MANAGEMENT

BBA 056: MONEY AND BANKING

Date: 30/11/2015 **Time: 2:00 – 4:00 PM**

INSTRUCTIONS

Answer question one, and any other two questions

1. (a) Explain five functions of money. (10 marks)

   (b) One of the functions of commercial banks is accepting deposits, where a fixed deposit account can be operated. Explain five features of a fixed deposit account. (10 marks)

   (c) Explain the differences between the commercial banks and the central bank. (10 marks)

2. (a) Write explanatory notes on the following ;

   i) Bills of exchange

   ii) Cheque

   iii) Promissory notes (10 marks)

   (b) Explain the functions of the central bank. (10 marks)

3. (a) Explain five functions of the International Monetary Fund. (10 marks)

   (b) Explain the legal principles within which a bank operates in respect to a customer`s Transactions. (10 marks)

4. (a) The history of modern English commercial banking, the present day banker has three ancestors. State and explain the three ancestors referred to above.

(10 marks)

(b) Explain five measures that may be taken by a government to keep its economy strong. (10 marks)

5. (a) Explain the principles on which the customer`s balance sheet is based on.

(10 marks)

(b) Explain the advantages that may accrue to the bank as a result of good working relationship in the bank. (10 marks)