



**JARAMOGI OGINGA ODINGA UNIVERSITY
OF SCIENCE & TECHNOLOGY**

UNIVERSITY EXAMINATIONS 2012/2013

**4TH YEAR 1ST SEMESTER EXAMINATION FOR THE DEGREE
OF BACHELOR OF BUSINESS ADMINISTRATION WITH IT**

(REGULAR)

COURSE CODE: ABA 406

COURSE TITLE: MANAGEMENT OF FINANCIAL SERVICES

DATE: 14/8/2013

TIME: 2.00-4.00 PM

DURATION: 2 HOURS

INSTRUCTIONS

- 1. This paper consists of 5 Questions.**
- 2. Answer Question 1 (Compulsory) and any other 2 questions.**
- 3. Write your answers on the answer booklet provided.**

QUESTION ONE

(a) Briefly explain of the meaning of the term” Financial Services”. Explain its nature and scope.

(10 marks)

a) One of the options of achieving company growth is through acquisition and merger of other companies

Required:

i. Discuss the common reasons for acquisitions and mergers. **5 marks**

ii. Discuss various problems associated with acquisition and mergers. **5 marks**

(b) From the following information, calculate the amount to be paid to the owner if the hire purchaser intends to complete the purchase of a good. **4 marks**

Hire Purchase Price Ksh. 72,000

Cash Price Ksh 54,000

No. of Installment 12

Installments paid by the hire purchaser 8

(c) Discuss reasons why lease finance is not well Developed in Kenya. **6 marks**

QUESTION TWO

(a) What is Hire-purchase System? Also explain the Legal Provisions of Hire-Purchase System. **8marks**

(b) Explain the accounting treatment for finance and operating leases by a lessor and by a lessee and their disclosures in financial statements **12 marks**

QUESTION THREE

(a) Explain the concepts of Credit Rating.What are its functions and significance?

12 marks

(b) Discuss the Services provided by the Merchant Bankers

8 marks

QUESTION FOUR

- (a) What is commercial paper? Discuss the advantages of using commercial paper by businesses to raise fund in Kenya. **8 marks**
- (b) Discuss briefly the various forms of factoring. Also explain the advantage and disadvantage of Factoring. **12 marks**

QUESTION FIVE

- (a) Write short notes on the following:
- i. Finance Lease and Operating Lease. **4 marks**
 - ii. Sale and Lease Back and Direct Lease. **4 marks**
 - iii. Single Investor Lease and Leveraged Lease. **4 marks**
- (b) Explain the advantages and disadvantages of quotation in the stock exchange. **8 marks**