



MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

P.O. Box 972-60200 – Meru-Kenya.

Tel: 020-2069349, 061-2309217. 064-30320 Cell phone: +254 712524293, +254 789151411

Fax: 064-30321

Website: www.must.ac.ke Email: info@mucst.ac.ke

University Examinations 2013/2014

FOURTH YEAR, FIRST SEMESTER EXAMINATION FOR THE DEGREE OF
BACHELOR OF COMMERCE

HBC 2225: FINANCIAL INFORMATION SYSTEMS

DATE: DECEMBER 2013

TIME: 2 HOURS

INSTRUCTIONS: *Answer question One and any other Two.*

QUESTION ONE (30 MARKS)

- Discuss the benefits and the limitations of learning VBA as a modelling tool (10 marks)
- Using an appropriate example of a simple model, describe the types of variables involved in financial modelling. (10 marks)
- What is a financial model? Discuss the importance of financial modelling in business. (10 marks)

QUESTION TWO (20 MARKS)

- Discuss the financial modelling process used in developing a loan amortization model. Describe the steps in details. (20 marks)

QUESTION THREE (20 MARKS)

- Describe the process that you would follow in order to debug a complex model on Microsoft excel. (10 marks)
- Describe the Mathematical and Financial aspects of cash management Model. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss the key features of a good finance model. (8 marks)
- b) Differentiate between sensitivity analysis and scenario analysis. How are the two important in Financial modelling. (8 marks)
- c) What would be the main purpose of cash flow projection model? Explain. (4 marks)

QUESTION FIVE (20 MARKS)

- a) What are some of the variables involved in the construction of an inventory management model? Explain any TEN. (10 marks)
- b) Discuss the Mathematical aspects involved in an EOQ model including the formulas and the assumptions. (10 marks)