

 W1-2-60-1-6

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

**UNIVERSITY**

**SECOND YEAR FIRST SEMESTER EXAMINATION FOR THE DIPLOMA IN BUSINESS INFORMATION TECHNOLOGY**

**HCT 0207: BUSINESS FINANCE AND ECONOMICS**

**DATE: AUGUST 2018 TIME: 1 ½ HOURS**

INSTRUCTIONS: ANSWER QUESTION ONE (COMPULSORY) AND ANY

 OTHER TWO QUESTIONS

**QUESTION ONE: 30 MARKS**

a. What are the two sources upon which a business entity can obtain the funds it needs to run the business. (2 marks)

b. What is the meaning of a retained earnings? (2 marks)

Explain the arguments for retention. (14 marks)

c. Explain the conclusions which favours the existence at the sole-proprietorship. (12 marks)

**QUESTION TWO: 20 MARKS**

a. Mention different forms of business structure. (3 marks)

b. Explain the factors that determine the size at the business unit.

(17 marks)

**QUESTION THREE: 20 MARKS**

Write short notes on the following terms:-

a. Joint stock companies. (4 marks)

b. Private limited companies. (4 marks)

c. Public Limited companies. (4 marks)

d. Unlimited companies. (4 marks)

e. Trade suppliers. (4 marks)

**QUESTION FOUR: 20 MARKS**

Explain the classification of a shareholder.

**QUESTION FIVE: 20 MARKS**

Explain factors to be considered when choosing the source of finance to the

business unity.