PAN AFRICA CHRISTIAN UNIVERSITY

BACHELORS OF COMMERCE

END OF TERM EXAMINATION

DEPARTMENT: BUSINESS

COURSE CODE:

COURSE TITLE: FINANCIAL RISK MANAGEMENT - Online

ROYSAMBU CAMPUS - DAY

EXAM DATE:

TIME:

INSTRUCTIONS

- This examination script consists of **six (6)** questions.
- Answer ONE and any ANY three Questions.
- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.

Question One

With an example in each case, distinguish between the following terms:

a) Systematic risk and Unsystematic risk (5 Marks)
b) Demand inflation risk and cost inflation risk (5 Marks)

Question Two

a) Explain any three benefits of managing financial risks (4 Marks)
b) Using an example in each case, explain any three objectives of financial risk management (6 Marks)

Question Three

Describe the process of financial risk management using an example in each case (10Marks)

Question Four

a) Identify one type of financial risk in your organization and describe how it is assessed (5Marks)
b) Explain the measures your organization has put in place to manage the financial risk identified in part (a) above (5Marks)

Question Five

With an example in each case, describe the circumstances under which the following financial elements may present financial risks to an organization

a) Investment inadequacy (5 Marks)
b) Information asymmetry (5 Marks)

Question Six

Using relevant examples, explain any five ways of managing financial risks (10Marks)