



**PAN AFRICA CHRISTIAN UNIVERSITY**

**BACHELORS OF COMMERCE**

**END OF TERM EXAMINATION**

**DEPARTMENT: BUSINESS**

**COURSE CODE: FIN602**

**COURSE TITLE: FINANCIAL RISK MANAGEMENT**

**EXAM DATE: FRIDAY**

**TIME: 5.30PM – 8.30PM**

**INSTRUCTIONS**

- This examination script consists of **five(5)** questions.
- Answer question ONE and ANY other two Questions.
  - Show all your workings
- Read all questions carefully before attempting.

Write your **student number** on the answer booklet provided.

**QUESTION ONE**

- a) Citing relevant examples, discuss ways in which financial risk management may affect various sectors of economy (10marks)
- b) Describe the financial risk management process in a learning institution (10marks)

**QUESTION TWO**

Citing relevant examples from your country, describe how the following financial risk elements affect the economic growth of your country

- a) Foreign exchange (3marks)
- b) Inflation(4marks)
- c) Interest rates (3marks)

### **QUESTION THREE**

Discuss the role of financial derivatives in financial sector. Provide relevant examples (10marks)

### **QUESTION FOUR**

- a) Identify any two international financial markets (2marks)
- b) Explain how your country benefits from international financial markets above (8marks)

### **QUESTION FIVE**

- a) Explain one financial risk management model (2marks)
- b) Describe how the above model is used to analyze risk in an organization (8marks)