

UGANDA MARTYRS UNIVERSITY
FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT

MONEY, BANKING & PUBLIC FINANCE
(SUPPLEMENTARY/ SPECIAL)

Examination

2013 - 2014

BAM III – NKOZI CAMPUS

Date: 05th/ 08/ 2014

Time allowed: 3 hours

Instructions

1. Do not write anything on the question paper
 2. Attempt any 4 questions
 3. Untidy work will be penalized
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1. In order for a company to raise capital by issuing securities to the general public and provide investors with the mechanism to sell the securities that they have purchased, the company or the securities must be listed on Uganda Security Exchange Limited (USE). Listing on USE is governed by listing rules of the exchange and coordinated by the flotation team. Discuss in detail the role of the flotation team in this particular trading. (25 Marks)
2. (i) The reform process in Uganda resulted in greater economic activity, growth and expansion in the productive sectors and the establishment of Capital Market authority. In your view examine the relevancy **capital markets** in Uganda. (20 Marks).

(ii) Imagine you are from an exposure visit at Uganda Securities Exchange and a Corporate Finance student asks you the process one goes through to become a Shareholder. Give your statement. (5 Marks)
3. (i) Substantiate in detail **Keynesian theory of keeping money in liquid form.** (6 Marks)

(ii) Illustrate and explain the liquidity trap. (6 Marks)

(iii) Since money has no intrinsic value it is preferred to other forms of exchange. Discuss.

(13 Marks)
4. (i) Write short notes on the following: (10 Marks)

1. Bank Draft 2. Types of cheques 3. Credit creation 4. Fiduciary issue 5. Characteristics of money.

(ii) Imagine you are Ms Maria Kiwanuka, Minister of Finance, and practically production levels in all sectors have declined, inflation is sky rocketing in the economy, the banking sector reporting reduced credit creation and all economic issues are in turmoil. What would you do? (15 Marks)

5. (i) In the provision of public goods to its nationals the government of Uganda meets some limitations. Do you agree? Justify your answer. (10 Marks)
- (ii) Usually towards the end of every June month, all people are eager to know the government performance over the past one year, government financial programmes and policies for the next one year and how their standards of living will be affected by the budget. In your view examine the features of a good government Budget. (10 Marks)
- (iii) Distinguish between a public good and private good. (5 Marks)
6. (i) Assess the relevancy of government budget in any economy. (10 Marks)
- (ii) For any Tax Authority to succeed in its prime objective, the taxation system must be well packaged. Elaborate with examples. (15 Marks)