

**UGANDA MARTYRS UNIVERSITY
NKOZI/LUBAGA CAMPUS**

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

DEPARTMENT OF ACCOUNTING & FINANCE

SEMESTER TWO 2018/19

BAM III FULLTIME (RUBAGA)

COURSE UNIT: MONEY, BANKING AND PUBLIC FINANCE

DATE: 10/5/2019

Time allowed: 3hours

Instructions to Candidates:

Read the following before answering the examination questions.

- 1) Answer **any four** questions
- 2) Question **one** is **Compulsory**
- 3) Do not write anything on this question paper.
- 4) Write neatly and show all workings clearly.
- 5) Start every question on a new page
- 6) Clearly state the question number & sections attempted

QUESTION 1 (COMPULSORY 40 MARKS)

- a) With support of relevant examples, explain the following financial sector terms and phrases;
 - i. Central Bank Rate (CBR) (4marks)
 - ii. Bank Loans (4marks)
 - iii. Savings Account (4marks)
 - iv. Treasury Bills (4marks)
 - v. Government Bonds (4marks)
- b) Explain the 4 major functions of money? (8marks)
- c) State and explain the characteristics of good money? (12marks)

QUESTION 2 (20 MARKS)

- a) Explain the role of the Central Bank in the socio-economic development of a country? (14marks)
- b) Evaluate the contribution made by Development banks in transforming livelihoods in Uganda? (6marks)

QUESTION 3 (20 MARKS)

- a) State and explain the requirements of a sound banking system? (14marks)
- b) Why is Money Laundering a threat to the economic prosperity of a country? (6marks)

QUESTION 4 (20 MARKS)

- a) Explain why Microfinance banks and institutions have gained prominence in many developing countries today? (12marks)
- b) What challenges does the central bank face in effectively implementing monetary policy? (8marks)

QUESTION 5 (20 MARKS)

- a) Distinguish between a surplus and deficit budget? (6marks)
- b) State and explain the Canons of Public expenditure? (14marks)

QUESTION 6 (20 MARKS)

- a) 'In recent years, Uganda's public debt has been growing at a very a high rate and many fear it could reach unsustainable levels'. Explain the consequences of over indebtedness to a country like Uganda? (10marks)
- b) Suggest a way forward for effective public finance management in Uganda? (10marks)