



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE
BACHELOR OF COMMERCE HONOURS DEGREE IN BANKING AND FINANCE
TREASURY MANAGEMENT
HBAF 209

PART 2 SEMESTER 2 EXAMINATION

TOTAL MARKS [100]

DATE: OCTOBER 2024

Time: 3 Hours

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

QUESTION 1

- a) Distinguish between hedging and speculation giving practical examples (15 Marks)
- b) Examine any **two** types of risks the treasury department may encounter and the possible ways of managing them. (10 Marks)

QUESTION 2

Discuss the role of treasury management in corporate finance. Include aspects such as risk management, liquidity management, and funding strategies. (25 Marks)

QUESTION 3

Evaluate the impact of interest rate changes on a company's treasury operations. (25 Marks)

QUESTION 4

Company X faces a liquidity crisis due to unexpected cash flow shortages. Discuss the steps the treasury team should take to manage this situation effectively. (25 marks)

QUESTION 5

Explain any **five** hedging strategies that a multinational company may implement to mitigate foreign exchange risk. (25 Marks)

QUESTION 6

Explain the following terms as they relate to risk management

- i) Foreign Exchange Risk Management (9)
- ii) Interest Risk Management (8)
- iii) Liquidity Risk Management (7)

END OF PAPER