TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF ENGINEERING AND TECHNOLOGY

DEPARTMENT OF ARCHITECTURE & BUILT ENVIRONMENT

UNIVERSITY EXAMINATION FOR:

DIPLOMA IN QUANTITY SURVEYING

EQS 2311: **FINANCIAL MANAGEMENT**

SPECIAL & SUPPLEMENTARY EXAMINATION

YEAR THREE SEMESTER TWO

SERIES: JULY 2025

TIME: 2 HOURS

DATE: July, 2025

Instructions to Candidates

You should have the following for this examination:

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

QUESTION ONE **(30 MARKS)**

Alfayo Mwayele is given a choice between incurring an immediate outlay of Kes. 10,000.00 and having to pay Kes. 2,310.00 a year for five years (first payment due one year from now); the discount rate being 11 per cent.

a) Determine his best choice

b) Establish whether your answer in (a) above change if Kes. 2,310.00 is paid at the beginning of each year for 5 years?

QUESTION TWO **(15 MARKS)**

Markdel can make an immediate payment now of Kes. 13,000.00 or pay equal amount of A for the next 5 years, first payment being payable after 1 year:

a) With a time value of money of 12 per cent, determine the maximum value of A that he would be willing to accept?

b) Compute the maximum value of A he would be willing to accept if the payments are made in the beginning of the year.

c) Establish how computations in (a) and (b) above will change, if at all, if Teresia his wife decided to top up his payment by Kes, 2,437.25.

QUESTION THREE **(15 MARKS)**

Assuming a rate of interest of 10 per cent, Lamech has a debt to pay, and he is given a choice of paying Kes. 1,000.00 or some amount X five years from now. Ascertain the maximum amount that X can be for him to be willing to defer payment for five years.

QUESTION FOUR **(15 MARKS)**

Assume an annual rate of interest of 15 per cent, Faith Mutuku receives a sum of Kes. 100.00 received immediately is equivalent to that quantity received in ten equal annual payments with the first payment to be received one year from now. Determine the annual amount if the first payment were received immediately.

QUESTION FIVE **(15 MARKS)**

Determine the future values utilizing a time preference rate of 9 per cent:

a) The future of Kes. 15,000.00 invested now for a period of four years

b) The future value of at the end of five years of an investment of Kes. 6,000.00 now and of an investment of Kes. 6,000.00 one year from now

c) The future value at the end of eight years of an annual deposit of Kes. 18,000.00 each year

d) The future value at the end of eight years of an annual deposit of Kes. 18,000.00 at the beginning of each year

e) The future values at the end of eight years of a deposit of Kes. 18,000.00 at the end of the first four years and withdrawal of Kes. 12,000.00 per year at the end of year five through seven.