



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3
P. O. Box 49274, 00100
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 444417

KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2015/2016 ACADEMIC YEAR
THIRD YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: August, 2016

Time:

KFI 306 – RISK MANAGEMENT

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Explain the importance of risk identification in an organization. (4 Marks)
- b) Outline two essentials in risk identification. (4 Marks)
- c) Explain the social benefits of risk management. (2 Marks)
- d) Insurance is important in different aspects of the economy but it has criticism, Discuss the expectation gaps in risk pooling arrangement? (4Marks)
- e) Kiriri University is planning an expansion to Tanzania, what are the possible risks that we expect from going international? (6 Marks)
- f) Evaluate the following project given the following conditions

Economic condition	Probability	Income	losses
Best scenario	0.3	3000	1200
Expected scenario	0.4	2000	1400
Worst scenario	0.3	1000	600

Required;

Find the following

- i) Standard deviation
ii) Variance (10 Marks)

QUESTION TWO (20 MARKS)

- a) Define risk management. (2 Marks)
- b) Describe a risk management policy. (2 Marks)
- c) Describe eight principles of risk management. (16 Marks)

QUESTION THREE (20 MARKS)

- a) Why is level of risk an important consideration in the risk management of an organization? (3 Marks)
- b) We have different risk Management strategies, what are the broad strategies that you know? (3 Marks)
- c) An exporting company has sought advice from the risk manager on stability and volatility of exchange rates, in detail what are the seven possible remedies you can render? (14 Marks)

QUESTION FOUR (20 MARKS)

- a) What are the objectives of risk management? (4 Marks)
- b) An exchange rate is quoted as Ugandan shilling: Kenyan shilling
Spot rate 2200-2210
3 months forward (discount)20-25

Required;
 - i) A Kenyan exporter has sold goods worth 3million shillings to a client in Uganda and expects to receive payment in three months time, determine the amount the exporter will receive. (4 Marks)
 - ii) Compare with the amounts he could have received at the time of transaction and advice (4 Marks)
- c) Explain any four classes of risk retention. (8 Marks)

QUESTION FIVE (20 MARKS)

- a)
 - i) What is a captive insurance? (2 Marks)
 - ii) What are the four advantages of risk retention? (4 Marks)
 - iii) Insurance has different requirements. Explain fortuitous and financial value as requirements? (4 Marks)
- b) As a newly appointed Risk Manager, what are the possible risks associated with a learning institution as our university?(a minimum of five) . (10 Marks)