PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

SEPTEMBER- DECEMBER 2025

CAMPUS: ROYSAMBU-

DEPARTMENT: BUSINESS

COURSE CODE: CAC 403 (online)

COURSE TITLE: FINANCIAL INFORMATION SYSTEMS

EXAM DATE:

TIME:

INSTRUCTIONS

- This examination script consists of **six (6)** questions.
- Answer question **ONE** and ANY other **four** Questions.
- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.

Question One **(Compulsory= 30 marks)**

a. Define a financial model. (2 marks)
b. Discuss **four** importance of financial modelling in business. Use a business of your choice for illustrations on each point. (8 marks)
c. Excel is a robust modeling tool but it suffers from some limitations. Describe **five** limitations. (10 marks)
d. Explain how visual basic application overcomes the limitations stated in (c) above. (10 marks)

Question Two **(10 marks)**

a) Explain the meaning of the following error messages in excel:

(i) ##### (1 mark)

(ii) #NAME? (1 mark)

(iii) #NUM! (1 mark)

(iv) # VALUE! (1 mark)

(v) #DIV/0! (1 mark)

(vi) #REF! (1 mark)

(vii) #N/A (1 mark)

(viii) # CALC! (1 mark)

(ix) # NULL! (1 mark)

(x) # SPILL! (1 mark)

Question Three (10 marks)

In relation to the development of a cash flow projection model, Net Present Value.

a) Structure the Problem (2 marks)

b) Define financial and mathematical aspects of the model. (2 marks)

c) In (b) above highlight the variables and their relationships involved. (6 marks)

Question Four (10 marks)

Symon was making a model to calculate loan repayment amount as well as loan amortization schedule. When running the model, he got an error message and was unable to proceed.

Required:

(a) Advise him on **five** methods he can use to debug his model. (5 Marks)

(b) Advise him on the variables he needs in order to come up with a working model (5 marks)

Question Five (10 marks)

a. Discuss **three** basic strategies that should be employed by the business firm in managing its cash. (6 marks)

b. A firm should ensure that customer payments are converted into spendable form as quickly as possible. Explain two methods a firm can use to achieve this. (4 marks)