

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF FINANCE**  
**BACHELOR OF COMMERCE HONOURS DEGREE IN FINANCE**  
**FINANCIAL MARKETS [CFI 2103]**  
**TEST NOVEMBER 2010**  
**TIME ALLOWED: 3 HOURS**

**INSTRUCTIONS**

1. Attempt any **TWO** questions
2. Write legibly
3. All questions carry equal marks [ 15 marks]

**Question 1**

- a. What are Cumulative Preference shares? [5 marks]
- b. A firm has just paid a preference share dividend but expects to pass the next three dividends and resume payments thereafter. The preference shares have a par value of \$1.00, a coupon dividend rate of 24% per annum and required return is 30% per annum. What is the value of the preference shares if preference share dividends are cumulative? [15 marks]

**Question 2**

- a. What are bankers' acceptances? Explain the types of bankers' acceptances that we have. [5 marks]
- b. Recognising the earnings of \$69 041.10 are calculated on a nominal amount of \$1 000 000.00 but are realised on an outlay of only \$93 958.90, it can be appreciated that the discount rate of 2% results in a real rate of return that is higher. What is its effective yield? [10 marks]

**Question 3**

- a. What was mean by the gold standard? [5 marks]
- b. Demonstrate how the exchange rate was determined during the gold standard era. [10 marks]

**Question 4**

Discuss the various forms of financial market regulation used in Zimbabwe. [15 marks]