



**NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
SCHOOL OF MANAGEMENT SCIENCES
MARCH 2014 EXAMINATION**

COURSE CODE: BHM 302

CREDIT UNIT: 2

COURSE TITLE: BUSINESS FINANCE II

TIME ALLOWED: 2 HOURS

Instructions: 1. Attempt question number one (1) and any other (2) questions.

2. Question number 1 carries 30 marks, while the other questions carry 20 marks each.

3. Present all your points in coherent and orderly manner.

Question 1 (Compulsory)

- a) Mention and discuss forms of bank credit available for financing business organisations.
- b) Analyze various factors that influence working capital requirements in business operations.

Question 2

- (a) What is collateral security?
- (b) Discuss the importance of Collateral Security in loan facility.

Question 3

- (a) What are the two main finance functions in a business operation?
- (b) Identify and explain 4 sources of medium term loans for business operations.

Question 4

- (a) Explain the Financial Planning.
- (b) What are the functions of financial planning in business?

Question 5

- (a) Differentiate between medium term and long term sources of funding business.
- (b) What are the customary sources of funding business operations?