



NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS
MARCH/APRIL 2016 EXAMINATION
SCHOOL OF MANAGEMENT SCIENCES

Course Code: ACC 405

Credit Unit: 3

Course Title: CORPORATE FINANCE

Time Allowed: 2Hrs, 30Mins

Instructions:

- 1. Attempt question number one (1) and any other (3) questions.**
- 2. Question number 1 is compulsory and carries 25 marks, while the other questions carry 15 marks each.**
- 3. Present all your points in coherent and orderly manner.**

1(a) Explain Four (4) standards of comparison of financial ratios as suggested by Panday, (1998) and many other experts.

(b) Generally Accepted Accounting Principles (GAAP) requires that income statement be classified into four sections, identify the sections.

(c) What are the assumptions that can be used to justify the objective function of maximizing shareholders' wealth?

2. (a) Explain Four (4) motives for acquisition of firms.

(b) List and discuss Five (5) important things to note when considering Partnership.

3. (a) Identify Five (5) items that must be included in the articles of incorporation of a business enterprise.

(b) Explain the various tools of Corporate Finance.

4. (a) Discuss Five (5) motivations for holding inventory.

(b) Explain ways in which an organization can achieve growth.

5. (a) Explain Three (3) components of Cash flow from assets.

(b) Discuss the factors that determine a firm's dividend policy.

6 (a) List Six (6) items each that must be included in the assets and liabilities of a financial statement.

(b) What are the limitations of financial ratios?