



NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16, AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
SCHOOL OF MANAGEMENT SCIENCES
SEPTEMBER, 2015 EXAMINATION

Course Code: BUS 805/BHM805

Course Title: CORPORATE FINANCE

Time Allowed: 3 Hours.

Instructions FOR BUS805: 1. Attempt Question 1 (30MKS) and any other two (2) Questions (20MKS Each). (2 CREDIT UNITS) Time Allowed: 2 Hours.

Instructions FOR BHM805 . Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each. (BHM805) (3 UNITS) Time Allowed: 2 Hours:30Mins

2 Present all your points in coherent and orderly manner.

1. 'Merger and Acquisitions are becoming more common each year in Nigeria. However, for this exercise to be worthwhile for the acquiring company, the **Net Present Value** of the incremental cash-flows has to be positive.' Discuss.
2.
 - a. Distinguish between primary market and secondary market.
 - b. How would you classify the types of securities issued by a company?
3.
 - a. Explain the motives for holding cash and cash equivalents.
 - b. Explain the terms, Liquidity Risks and Exchange Rate Risks.
4.
 - a. What do you understand by the term Working Capital?
 - b. Discuss the tools of corporate finance
5.
 - a. Discuss the determinants of Capital Structure of a company.
 - b. Interpret the variables of Weighted Average Cost of Capital-WACC.
6. Discuss the different forms of business in your country.