



NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS
SCHOOL OF MANAGEMENT SCIENCES
MAY/JUNE 2012 EXAMINATION

BHM 302 Business Finance II
Time Allowed: 2 Hours

Instruction: Attempt any three (3) questions of your choice. Each question carries 23.3 marks. Present your answers legibly and logically using relevant examples.

1. (a) What do you understand by financial resources? [2.3 marks]
(b) Identify and explain three sources of financing. [9 marks]
(c) Mention and explain two major cash outflows in business. [6 marks]
(d) Explain intra-firm cash flow. [6 marks]
2. (a) What are bank credits? [3.3 marks]
(b) Mention and explain five types of bank credits. [15 marks]
(c) Explain the activities of the commercial banks in extending credits to the public and private sectors of the economy. [5 marks]
3. (a) What is a loan? [3.3 marks]
(b) Identify and explain three different ways that funds could be raised to start or finance a business. [15 marks]
(c) Describe the sharing of profits and losses in a partnership. [5 marks]
4. (a) What do you understand by finance? [3.3 marks]

(b) The objectives of financial management should be understood in the light of the objectives of the enterprise as a whole. Highlight five of these objectives. [5 marks]

(c) Finance functions involve three main types of decisions. Mention and explain these decisions. [9 marks]

(d) Write short notes on:

(i) Venture capital [3 marks]

(ii) Equipment leasing [3 marks]

5. (a) Explain the concept of capital formation. [3.3 marks]

(b) Discuss the importance of capital formation. [8 marks]

(c) Discuss reasons for low rate of capital formation in Nigeria. [6 marks]

(d) Discuss the distinction between fixed capital and working capital. [6 marks]