

NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
JANUARY 2018 EXAMINATION

COURSE CODE: BFN 805

CREDIT UNIT: 2

COURSE TITLE: CORPORATE FINANCE

TIME ALLOWED: 2 HOURS

Instructions:

- 1. Attempt question number one (1) and any other two (2).**
 - 2. Question number 1 is compulsory and carries 30 marks while the other 2 questions carry 20 marks each. Present all your points in coherent and orderly manner.**
-

1a. To help ease the burden of bookkeeping, budgeting and reporting, there are a variety of corporate finance tools on the market; using them may lead to greater efficiencies. Discuss four (4) of such tools. **(16 marks).**

1b. What are the characteristics of 'right' objective function? **(8 marks).**

1c. Discuss three (3) advantages the separation of ownership from management gives the corporation over partnership and sole proprietorship. **(6 marks).**

2a. In the corporate world, what do you understand by Agency Relationship? **(5 marks).**

2b. Define Financial Market. **(4 marks).**

2c. Delineate functions of the financial market. **(11 marks).**

3a. What is an Income Statement? What are the four (4) sections of an income statement? **(6 marks, 4 marks).**

3b. Fundamental Classification is one of the bases for classifying financial ratios. Discuss the five (5) groups involved. **(10 marks).**

4a. Briefly discuss Working Capital Management and enunciate the components of working capital. **(10 marks).**

4b. Discuss any five (5) determinants of the capital structure of a business enterprise. **(10 marks).**

5a. With examples state what you understand by Financial Security? **(5 marks).**

5b. Discuss any five (5) ways in which an organizations can achieve growth. **(15 marks).**