



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**2021\_2 EXAMINATION**

**COURSE CODE: BFN 303** **CREDIT UNIT: 3**

**COURSE TITLE: FINANCIAL MANAGEMENT**

**TIME ALLOWED: 2½ Hours**

**INSTRUCTIONS:**

- 1. Attempt question Number one (1) and any other three (3).**
- 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**

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| 1a. State five of the documents to be requested before granting a loan by banks | <i>5marks</i> |
| b. Highlight five reasons for establishing Multinational Companies in Nigeria   | <i>5marks</i> |
| c. Indicate five of the methods available for valuation of business             | <i>5marks</i> |
| d. What are the five objectives of asset management                             | <i>5marks</i> |
| e. Mention five factors to consider when deciding the capital structure         | <i>5marks</i> |

- 2a. A project costs N100million to initiate. The expected cash-flow is as follows;
- |             |      |  |
|-------------|------|--|
| Year 1-5    | N15m |  |
| 6-10        | N10m |  |
| 11-infinity | N5m  |  |
- The cost of capital after inflation rate of 2½ is 10%, is the project worthwhile? *9marks*
- b. Identify four factors that could influence working capital decision *6marks*

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| 3a. Enumerate any four objectives of financial analysis | <i>4marks</i> |
| b. Highlight the four major steps in risk management    | <i>8marks</i> |
| c. Indicate four reasons for merger and acquisition     | <i>3marks</i> |

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| 4a. Highlight five factors to consider before granting credit to a customer | <i>7½marks</i> |
| b. Explain five factors influencing credit control policy                   | <i>7½marks</i> |

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|---|---------------|
| 5a. Point out four assumptions underlying capital structure | <i>4marks</i> |
| b. State five characteristics of capital budgeting          | <i>5marks</i> |
| c. Indicate six capital budgeting decisions examples        | <i>6marks</i> |