



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 737 **CREDIT UNIT: 2**
COURSE TITLE: MICRO AND SMALL BUSINESS FINANCING
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.**
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1. (a) The small scale businesses have critical roles to play in the Nigerian economy. Discuss. **(10 Marks)**

(b) Mention any **FIVE** challenges of small scale businesses in Nigeria. **(15 Marks)**

(c) Differentiate between “finance lease” and “operating lease” **(5 Marks)**

[Total Marks = 30 Marks]

2. (a) Enumerate any **THREE** objectives of microfinance policy in Nigeria. **(12 Marks)**

(b) List and explain any **FOUR** short-term sources of finance you know. **(8 Marks)**

[Total Marks = 20 Marks]

3. (a) Differentiate between "equity financing" and "debt financing" on the following bases:

I. Meaning

II. Term

III. Risk

IV. Return

V. Nature of return

VI. Collateral

(12 Marks)

(b) Trace the Prospects of microfinance in Nigeria. **(8 Marks)**

[Total Marks = 20 Marks]

4. (a) What is small business? **(4 Marks)**

(b) What is capital? **(4 Marks)**

(c) Briefly explain the following:

I. Capital asset

II. Working capital

III. Goodwill

IV. Transaction cost **(12 Marks)**

[Total Marks = 20 Marks]

5. (a) What is risk? **(5 Marks)**

(b) Explain the following concepts:

i. Financial Risk

ii. Speculative Risk

iii. Exchange Rate Risk

iv. Strategic Risk

v. Liquidity Risk

(15 Marks)

[Total Marks = 20 Marks]