

**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).**