

NATIONAL OPEN UNIVERSITY OF NIGERIA
 Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2023_2 EXAMINATIONS—

COURSE CODE: MBF805
COURSE TITLE: CORPORATE FINANCE
TIME ALLOWED: 2 HOURS
INSTRUCTIONS:

CREDIT UNIT: 2

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 a coherent and orderly manner.

1. Kayode Musa re-bags cement to make it available and affordable to those with lower demand. You can find below abridged accounts for 2020 and 2021:

Kayode Musa
Income Statement for the year ending 30 September 2020 and 2021

	2020		2021	
	₦000	₦000	₦000	₦000
Sales		19,200		21,800
Cost of sales				
Direct material cost	7,800		9,200	
Direct wages	5,100		3,900	
Factory overheads	<u>1,100</u>		<u>2,200</u>	<u>15,300</u>
Gross profit				
Expenses				
Administrative cost	1,200		1,450	
Distribution cost	<u>800</u>		<u>1,150</u>	<u>2,600</u>
Net profit				
Inventory of finished goods on 1 st October 2020 was ₦360,000				

Kayode Musa
Balance Sheet as at 30 September 2020 and 2021

	2020		2021	
	₦000	₦000	₦000	₦000
Non-Current Assets				
Freehold premises	4,000		4,000	
Plant and machinery	2,000		3,950	
Fixtures and fittings	<u>1,200</u>		<u>1,000</u>	
Current Assets				
Inventory	2,000		2,500	
Trade receivables	1,300		1,660	
Bank balances	300		----	