

Course Code: MBF843

Credit Unit: 3.

Course Title: CAPITAL INVESTMENT AND FINANCIAL DECISION

Time Allowed: 2 ½ HOURS

Instructions:

1. Attempt Question 1 and any other three (3) Questions.
2. Question 1 is compulsory and carries 25 marks while the other Questions carry 15 marks each.
3. Present all your points in a coherent and orderly manner.

Question ONE

- a. In business, going into an investment must begin with this simple truth: investment requires taking some risks, what do you understand by i. conventional and non-conventional investments ii. Dependent and Independent investment?
- b. Apart from the traditional techniques of investment analysis which ignore the timing of cash flow, a new approach known as the discounted cash flow has been developed, discuss the assumptions underlying the new technique as given by Lucey (1988)
(25 marks)

Question TWO

Modesta Nig. Ltd. is considering three projects each with an initial capital of N1, 000,000 and a life of 10 years. The profits generated by the projects are estimated to be as follows.

After tax and depreciation profits

YEAR	Project A N000	Project B N000	Project C N000
1	100	175	75
2	100	175	75
3	100	100	75
4	100	100	75
5	100	75	75
6	100	75	75
7	100	75	100
8	100	75	100
9	100	75	175
10	100	75	175
Total	1000	1000	1000

Required: Calculate the Accounting Rate of Return (ARR) using:

- i. Initial capital
- ii. Average capital

(15 marks)

4. Over the past year-and-a-half, several unarmed, Nigerian, African American men have been killed at the hands of police officers sparking outrage, protests, and even violence in several cities across the country. Such events have revived the discussion on the tensions between law enforcement and disadvantaged, inner-city communities. Based in theory, design a program that aims to improve community police relations in Nigeria cities. Then, describe how you would evaluate the program you have designed. Your description should include the following:

- Clear statement of the research design
- Sample selection and recruitment
- Data collection methods
- Data analysis plan
- Strategies for enhancing the study's rigor
- Possible limitations or weaknesses of your approach

5. Early biological theories lacked validity, they were among the first to use the scientific method. The process of measuring body parts, shapes, and sizes represented a dramatic shift from the philosophical approach offered by the classical school. Discuss.