



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2024 I EXAMINATION

COURSE CODE: ECO 722
COURSE TITLE: INDUSTRIAL ECONOMICS
CREDIT UNIT: 2 UNITS
TIME ALLOWED: 2 HRS
INSTRUCTION: ANSWER QUESTION 1 AND ANY OTHER TWO QUESTIONS

Question 1

- a. List and discuss five types each of equity finance and debt finance 20 marks
- b. The share capital of a company is represented by 10,000 Equity Shares of ₦10 each, fully paid. The current market price of the share is ₦40. Earnings available to the equity shareholders amount to ₦60,000 at the end of a period. Calculate the cost of equity share capital using Earning/Price ratio. 10 marks

Question 2

- a) List and explain 5 standard used in measuring the size of an industrial units/firms 10 marks
- b) Discuss 5 reasons why firms diversify 10 marks

Question 3

- a. Critically examine the main types of sources of finance 10 marks
- b. Johnson & Johnson Ltd has the following capital structure and after tax cost for the different sources of funds used

Sources	Amount (₦)	After tax cost
Equity share capital	700000	13%
Preference share capital	400000	8%
Debenture share capital	340000	5%
Retained earnings	70000	9%

Calculate the weighted cost of capital 10 marks

Question 4

List and explain the determinants of cost of capital 20 marks

The stubbled grass
Wet with three o' clock dew
Is black with our fingers
The sugarless pap
Into our mouths

Then labour erect;
From lines;

Steel ourselves into fortitude
Or accept an image of ourselves
Numb with resigned acceptance

“cold” by Denis Brutus

Sourced from “Various voices in African poetry: analysis of Poems of black Africa”
by Ogunyemi C.A. <https://www.diva-portal.org/smash/get/diva2:518216/fulltext01>

5 a. Elaborate on the major determinants of register.

b. Write short note on the following

- i. Producer
- ii. role play
- iii. prompter