



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja**  
**FACULTY OF MANAGEMENT SCIENCES**  
**DEPARTMENT OF FINANCIAL STUDIES**  
**2025\_2 EXAMINATIONS**

---

**COURSE CODE: BFN715**

**CREDIT UNIT: 2**

**COURSE TITLE: Principles of Finance**

**TIME ALLOWED: 2 HOURS**

**Instructions:** Attempt three (3) questions in all

Questions 1 (one) is compulsory carries **30marks** while the other questions carry **20marks** each

Present all your points in coherent and orderly manner.

**Question One**

a. Explain the following terms:

I. Finance (7.5 Marks)

II. Financial management (7.5 marks)

b. The financial manager prepares forecasts of the firm's financial requirements. Enumerate the contents of the financial forecast prepared by the finance manager (15 Marks)

**Total= 30 Marks**

**Question two (2)**

a. List and explain five (5) short-term source of funds available to organizations (15 Marks)

b. What are short-term source of funds (5 Marks)

**Total= 20 Marks**

**Question three (3)**

a. Explain the term cost of trade discount (5 Marks)

b. The nominal interest rate charge on bank overdraft is 7% given a company tax of 30%. Calculate the effective cost of the overdraft (10 Marks)

c. List and explain briefly how firms raise money from the capital market (5 Marks)

**Total =20 Marks**

**Question four**

- a. State the source of funds and the application of funds in the table below;

	<b>Source of Funds</b>	<b>Application of Funds</b>
I.	Gains of funds from operation	_____
II.	Increase in trade credits	_____
III.	_____	Increase in stock
IV.	Reduction in account receivables	-----
V.	_____	Purchase of non-current assets

**(20 Marks)**