

**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**UNIVERSITY VILLAGE, JABI- ABUJA**

**FACULTY OF MANAGEMENT SCIENCES**

**JULY, 2017 EXAMINATIONS**

**Course Code:** MGS 732 **Credit Unit:** 2

**Course Title:** Business 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 carry 20 marks each.

3. Present all your points in coherent and orderly manner.

1. (a) Explain why businesses need to measure their capital requirements. (10 marks)

(b) Discuss the financial ratios that are useful in measuring working capital requirements of a company. (10 marks)

(c) The face value of bankers’ acceptance is 15 million naira. Granting that it sells at 2 per cent annual discount, how much will an exporter receive under foreign transactions?

1. marks)

2. (a) What is capital structure? (5 marks)

(b) Discuss the factors that influence a company’s capital structure decisions.

(15 marks)

1. (a) What do you understand by ‘financial resources’? (4 marks)

(b) Identify and explain the various factors affecting working capital requirements of any enterprise of your choice. (12 marks)

(c) Distinguish between fixed capital and working capital. (4 marks)

1. Discuss the traditional and institutional sources of funds for running a business.
2. marks)
3. (a) Mention and discuss the company’s corporate objectives. (10 marks)

(b) Discuss the roles that finance plays in corporate decisions. (10 marks)