



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2020_2 EXAMINATION

COURSE CODE: BFN 303 **CREDIT UNIT: 3**

COURSE TITLE: FINANCIAL MANAGEMENT

TIME ALLOWED: 2½ Hours

INSTRUCTIONS:

- 1. Attempt question Number one (1) and any other three (3).**
- 2. Question number 1 is compulsory and carries 25 marks, while the other questions carry 15 marks each**
- 3. Present all your points in coherent and orderly manner**

- 1a. State five factors that could influence dividend policy of a bank *5marks*
b. Indicate five vitality of cost of capital to investment decision *5marks*
c. List five methods of share/business valuation *5marks*
d. State and discuss briefly five role of asset manager *10marks*
- 2a. Briefly explain five factors influencing credit control policy *7½marks*
b. Indicate five factors to consider before granting credit to a customer *7½marks*
- 3a. Highlight five of the methods available for financial analysis *5marks*
b. Enumerate five benefits of asset management *5marks*
c. Mention five factors to consider when deciding the capital structure *5marks*
- 4a. A project costs N80,000 to initiate. The expected cash-flow is as follows;
Year 1-5 N12,500
 6-10 N10,000
11-infinity N 7,500
The cost of capital after inflation rate of 2½ is 10%, is the project worthwhile? *9marks*
b. Give six examples of capital budgeting decisions *6marks*
- 5a. Highlight the four major steps in risk management *8marks*
b. Indicate four reasons for merger and acquisition *3marks*
c. Enumerate any four objectives of financial analysis *4marks*
- 6a. Indicate four assumptions underlying capital structure *4marks*
b. Mention five characteristics of capital budgeting *5marks*
c. Identify four factors that could influence working capital decision *6marks*