



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2022_1 EXAMINATION.**

COURSE CODE: BFN 737

CREDIT UNIT: 2

COURSE TITLE: MICRO AND SMALL BUSINESS FINANCING

TIME ALLOWED: 2 HOURS

Instructions:

- 1. Attempt question number One (1) and any other Two (2) questions.**
- 2. Question number 1 carries 30 marks, while the other questions carry 20 marks each.**
- 3. Present your work in coherent and orderly manner.**

QUESTION 1 (COMPULSORY)

- a.** The apex bank in Nigeria adduced strong reasons for the formulation of the National Microfinance Policy. Discuss five (5) of these reasons.
- b.** Clearly identify three (3) Activity Ratios and show their formulas with brief explanation of their acceptance criteria
- c.** Clearly identify three (3) Profitability Ratios and show their formulas with brief explanation of their acceptance criteria

QUESTION TWO

Write short notes on the following concepts in SMEs financing

- (a) Venture Capital (10 Marks)**
- (b) Joint Venture (10 Marks)**

QUESTION THREE

- (a) Sources of finance available to SMEs are categorised into two broad headings. Discuss four (4) sources of long term finance in Nigeria. (16marks)**
- (b) There are different categories of preference shares. Clearly identify four (4) -(4Marks)**

QUESTION FOUR

- (a) Leasing transactions can be classified in a variety of ways, applying various criteria of division. Discuss five (5) of these criteria(10marks).**
- (b) State three (3) distinguishing characteristics of Finance Lease and two (2) of Operating Lease. (10 Marks)**