



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS**  
**SCHOOL OF MANAGEMENT SCIENCES**  
**OCTOBER/NOVEMBER 2014 EXAMINATION**

**COURSE CODE:** BUS 805  
**COURSE TITLE:** CORPORATE FINANCE  
**TIME ALLOWED:** 2 HRS

**CREDIT UNIT:** 2

- INSTRUCTIONS:**
1. Attempt question number one (1) and any other (2) questions.
  2. Question number 1 is compulsory and carries 30 marks while the other questions carry equal marks each.
  3. Present all your points in a coherent and orderly manner.

**QUESTION 1**

(a) Briefly explain the goals of Corporate Finance?

(b) Write short notes on the following:

1. Agency Relationship
2. Financial Planning
3. Auction market
4. General Partnership
5. Working Capital
6. Limited Partnership
7. Dealer market
8. Cost of Capital

(c) State the assumptions that must be made to maximize stakeholder wealth?

**QUESTION 2**

(a) Discuss the four (4) categories of alternatives to wealth maximization objective function.

(b) What are the limitations of financial ratios?

**QUESTION 3**

a) List 6 (six) items that must be included in the articles of incorporation of a company?

b) Explain the tools of Corporate Finance

**QUESTION 4**

(a) Briefly list ways in which an organization can achieve growth?

(b) Explain six (6) factors that determine the capital structure of a business?

### QUESTION 5

(a) Explain what you understand by the following ratios with two examples each?

1. Liquidity Ratios
2. Leverage ratios
3. Activity ratios
4. Profitability ratios
5. Investment ratios

(b) What can an Organisation achieve through Financial Planning?



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**COURSE CODE:** ACC 405 **CREDIT UNIT:** 3  
**COURSE TITLE:** CORPORATE FINANCE  
**TIME ALLOWED:** 2 HRS  
**INSTRUCTIONS:**

1. Attempt question number one (1) and any other (3) questions.
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.

1(a) State the assumptions that must be made to maximize shareholder wealth?

(b) Write short notes on the following:

1. Working Capital
2. Forward Contract
3. Agency Relationship
4. Tender Offer
5. Preferred Stock
6. Liquidity Risk
7. General Partnership
8. Capital Structure
9. Business Risk Premium
10. Limited Partnership

2. (a) What is a financial market? Explain the two types of financial markets?

(b) List six (6) items that must be included under Assets and six (6) items under Liabilities of a firm's financial statement?

3. (a) Explain the various tools of Corporate Finance?

(b) What are the differences between a dealer and an auction market?

4. (a) Explain the factors that determines a firm's dividend policy?

(b) Explain the five (5) fundamental classifications of ratios?

### QUESTION 5

(a) Explain what you understand by the following ratios with two examples each?

1. Liquidity Ratios
2. Leverage ratios
3. Activity ratios
4. Profitability ratios
5. Investment ratios

(b) What can an Organisation achieve through Financial Planning?