

SOUTHWESTERN UNIVERSITY NIGERIA

KM 20, SAGAMU-BENIN EXPRESSWAY, OKUN OWA, IJEBU-ODE, OGUN STATE.

FACULTY OF SOCIAL & MANAGEMENT SCIENCES

DEPARTMENT OF ACCOUNTANCY

HND TO BSC CONVERSION PROGRAMME

2018/2019 THIRD SEMESTER EXAMINATIONS

COURSE CODE: ACC/BUA 405 **COURSE TITLE:** Financial Management

Instruction: Answer question 1, and any other 2 questions. **TIME:** 2Hrs

1. Gbenga and company established a firm that produces goody-goody with an initial capital outlay of N22,000.00 in assets. The turnover for the first five years 1320, 1440, 1560, 1606 and 1600 respectively. Operating expenses annually amounted to N640. 20% capital allowance is allowed for the purposed of tax. The cost of capitl being 15% and corporate tax is 50%.

You are required to compute
(a) (i) NPV (ii) PI (iii) EPI (iv) IRR (v) PBP

(b) State the decision rules on
(i) NPV (ii) ARR (iii) IRR
based on the mutually exclusive projects.

2. (a) The following balance were extracted from the books of Okoro Junior on September 30th 2012.

Ordinary share	Le	capital	150,000.00
6% debentures			45,000.00
Freehold premises at cost			127,500.00
Plant and machinary at cost			105,900.00
			N
Provision for depreciation:			
Plant and machinary			38,100.00
Retained profits			65,903.00
Debtors	31,664.00		
Creditors	34,730.00		
Accrued rent			2,440.00
Bank and cash			22,890.00
Stock	48,219.00		

You are required to:
(a) Prepare a balance sheet as at 30 September 2012 (T-format is not required)
(b) Calculate the following ratio:

- (i) Working capital ratio
- (ii) Acid test ratio
- (iii) Return on capital employed
- (iv) Working capital ratio

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3. (a) Explain stable policy naira dividend and discuss the constraints for effecting payment of dividend by Board of directors.
 (b) Differentiate between cash dividend and script dividend and state their similarities if any.
 (c) Explain the distinguishing factors between earnings per share and dividend per share to your friend who is interested in taking up an investment in a company.

4. (a) Distinguished between merger and acquisition.
 (b) Explain the forms of business combination you know.
 (c) Adam Ltd and Eve Ltd are companies in the same industry, Adam Ltd is

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