



ELIZADE UNIVERSITY, ILARA-MOKIN, ONDO STATE

FACULTY: SOCIAL & MANAGEMENT SCIENCES
DEPARTMENT: ACCOUNTING & FINANCE
FIRST SEMESTER EXAMINATIONS
2015/2016 ACADEMIC SESSION

COURSE CODE: ACC 205

COURSE TITLE: PRINCIPLES OF FINANCIAL MANAGEMENT I

DURATION: 1 HOUR, 30 MIN.

HOD's SIGNATURE

INSTRUCTION: Section A: Attempt all questions. Section B: Attempt any two (2) questions.

SECTION A

1. Which of the followings are circumstances faced by the chief financial officer of the firm? A. Inflation and deflation B. Unpredictable economic turns and fluctuating interest rates C. Painful shortages and excesses D. All of the above E. None of the above.
2. 'Shareholder's wealth' in a firm is represented by A. The number of people employed in the firm B. The book value of the firm's assets less the book value of its liabilities C. The amount of salary paid to its employees D. The market price per share of the firm's common stock E. the number of people employed in the firm
3. The long-run objective of the financial management is to A. Maximize earnings per share B. Maximize the value of the firm's common stock C. Maximize return on investment D. Maximize market share E. The book value of the firm's assets less the book value of its liabilities
4. The activities of..... are currently being monitored under the rules and regulations of Nigerian Stock Exchange (NSE) and through surveillance activities of Security and Exchange Commission (SEC). A. Stockbrokers B. Investment advisers C. Issuing Houses D. The jobbers E. None of the above
5. ----- is concerned with the maximization of a firm's earnings after taxes A. Shareholder's wealth maximization B. Profit maximization C. Stakeholder maximization D. EPS maximization E. All of the above.
6.are 91-day maturity short-term instruments issued to raise finance for the federal government and always issued by Central Bank of Nigeria A. Treasury bonds B. Treasury bills C. Certificate of Deposit D. Treasury certificate E. Call Money
7. What is the most appropriate goal of the firm? A. Shareholder's wealth maximization B. Profit maximization C. Stakeholder wealth maximization D. Agency wealth maximization E. All of the above.
8. The ----- decision involves a determination of the total amount of assets needed, the composition of the assets, and whether any assets need to be reduced, eliminated or replaced A. Asset management B. Financing C. Investment D. Accounting E. Financing and Investment
9. All constituencies with a stake in the fortunes of the company are known as A. Shareholders B. Stakeholders C. Creditors D. Customers E. Finance managers

10. The structure of the finance function varies from one company to another. The factors which determine the type and size of the finance function include the followings except: A. Size of the firm B. Tax implication C. Nature of its business D. Structure in the finance E. Growth requirements and potentials
11. Which of the following is not an example of financial objectives that a company might choose to pursue? A. Provision of good wages and salaries B. Restricting the level of gearing to below specified target level C. Dealing honestly and fairly with customers on all occasions D. Producing environmentally friendly products E. All of the above
12. Which of the following decisions is not an investment decision? A. Whether to go ahead with an advertising campaigns B. Whether to retain more profits for reinvestment in the business C. Whether to carry out a takeover of another company D. Whether to initiate a new research project E. None of the above
13. The focal point of financial management in a firm is A. The number and types of products or services provided by the firm B. The maximization of the amount of taxes paid by the firm C. The creation of value for shareholders D. The naira profits earned by the firm E. Nature of its business
14. Bank term loan is similar to bank overdraft except that it is available for a longer period. Also, it carries a higher interest charge because of the longer period covered. Which of these various sources of finance is known as vendor credit? A. Leasing B. Hire Purchase C. Bank term loan D. Project finance E. Overdraft
15. The major sources of finance is ----- A. Internal and external B. Short, Medium and Long terms C. Short, Middle and Long terms D. Internal, Medium and Long terms E. None of the above.
16. The Nigerian financial structure includes ----- A. Banks, Non-banks and financial markets B. Banks, Non-banks, financial instruments and financial markets C. Banks, financial institutions, financial markets D. Banks, Stock Exchange, Financial markets E. Banks, Insurance companies, Mutual funds, financial intermediaries
17. The followings are participants in the non-bank financial institutions EXCEPT: A. Insurance companies B. Pension fund managers C. Bureau de Change D. Banks E. Stock Exchange Market
18. One of the followings was established in 1958 and started operations in 1959 A. Federal Bank of Nigeria (FMBN) B. National Commission C. Insurance Corporation D. Exchange Commission (SEC) E. Central Bank of Nigeria (CBN)
19. There are three (3) major decisions in financial management, which are A. Finance, Investment and Dividend policy B. Management, financial and Investment C. Finance, Investment and Financial investment D. Finance, Economics and Investment E. Finance, socio-investment and Dividend
20. Which one of these objectives supersedes in the context of financial management? A. Provision of recreational centers B. Satisficing C. Wealth maximization D. Profit maximization E. Price Limiting

(30 Marks)

SECTION B

1. The Nigerian financial system consists of financial intermediaries, financial markets, financial instruments, rules, convention and norms that facilitate and regulate the flow of funds through the macro economy. Identify and discuss five (5) types of regulators and their roles in the financial system known to you.
2. A lease is an agreement between two parties, the lessor and the lessee. Discuss five (5) types of lease known to you.
3. Write short note on the followings:
 - a. Agency theory
 - b. Shareholders theory
 - c. Corporate governance
 - d. Wealth maximization.
 Core Decision areas in financial management

(30 Marks)