



ELIZADE UNIVERSITY

ILARA-MOKIN

ONDO STATE

FACULTY: Social and Management Sciences

DEPARTMENT: Business Administration

SECOND SEMESTER EXAMINATIONS

2018/2019 ACADEMIC SESSION

COURSE CODE: BUS 404

COURSE TITLE: BUSINESS POLICY AND STRATEGY II

DURATION: 2 HOURS

HOD's SIGNATURE

TOTAL MARKS:

Matriculation Number: _____

INSTRUCTIONS:

1. Write your matriculation number in the space provided above and also on the cover page of the examination booklet.
2. This question paper consists of 2 pages with printing on both sides.
3. Answer all questions in the examination booklet provided.
4. Attempt any 4 questions.

Question 1.

- a. Define clearly the following concepts as contained in business management:
 - i. Net present value
 - ii. Discount factor
 - iii. Internal rate of return
- b. Present clearly four out of the assumptions of ordinary annuity
- c. A project is expected to make initial capital deposit of N10m. The same project will generate annual return of N1.5m for nine years. Given that cost of capital in the economy stood at 6.5% during the applicable period, calculate the net present value of the project.
 - i. What will be your recommendation for the project above?
 - ii. In case you have to change your decision above, what must happen to either?
 - a. Cost of capital.
 - b. Annual return.

15 marks

Question 2

- a. Explain what is meant by "Management by Objectives" and list three of its benefits.
- b. Motivation has been well researched by management experts, pick any of motivation theories and discuss its underpinning.

15 marks

Question 3

- a. Discuss the significance of environmental scanning.
- b. Itemise four advantages of policy and performance management in corporate planning process.

15 marks

Question 4

- a. What is International Financial Management?
- b. Give two similarities and two differences between international financial management and financial management in local companies.

15 marks

Question 5

- a. Give three rules for buying and selling currencies in international financial management.
- b. Explain with clear examples what is meant by currency appreciation.

15 marks

Question 6

- a. Discuss clearly what is meant by forward exchange contract and differentiate between the available types
- b. Eli, the MD/CEO of Elizade Ltd has a contract to sell 200 tons of cocoa to a buyer in US at \$300 per ton. The proceed of the transaction is expected within three months after delivery. Ade discussed with you today July 2 and informed you that delivery of the goods was effected a day before. He now wants you to provide a forward exchange contract for the transaction.
Required:

- i. What type of contract is this?
- ii. Determine the rate of exchange and the naira equivalent

Assume the following rates as at July 1:

Spot rate	N300.9326 – 302.1219
1month forward	1.02 - 1.11kpm
2months forward	1.12 - 1.17kpm
3months forward	1.16 - 1.20kdis
4months forward	1.19 - 1.23kpm

15 marks