



BOWEN UNIVERSITY, IWO
(OF THE NIGERIAN BAPTIST CONVENTION)
COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES (COMSS)
BUSINESS ADMINISTRATION PROGRAMME
B.Sc. INDUSTRIAL RELATIONS AND PERSONNEL MANAGEMENT DEGREE
2022/2023 SECOND SEMESTER EXAMINATION

COURSE CODE: IRP 212
COURSE TITLE: INTRODUCTION TO FINANCE
CREDIT: 2
TIME: 2.5 HOURS
INSTRUCTIONS: ANSWER QUESTION 1 AND ANY OTHER 2 QUESTIONS
DATE: JUNE 24, 2023

1a. Baltimore Nig. Plc is to execute a project with the data below. The project cash outflow is N1000,000 and will last for 6 years. The cash inflows are as follows: year 1 is N250,000; N200,000 for years 2, 3 and 4 while the inflows for years 5 and 6 are N100,000 and N50,000 respectively. The project will also have the following net book value: year 1= N200,000, year 2= N180,000, year 3= N150,000 and year 4= N150,000. Determine the viability of the project using appropriate technique. (10 Marks)

1b. A project by REIGN JOE Nig. Ltd is presently estimated to cost N1.1m. The net cash flows of the project for the first 4 years are estimated respectively as N225,000, N475,000, N655,000 and N300,000. If the discount rate is 12%; calculate the NPV for the project and comment on your result, if N95,000 and N125,000 were spent on the project during the second year and fourth year respectively, will the project be desirable? (20 Marks)

2. Businesses get finance from different sources; explain the

- a. Equity;
- b. Preference shares; and
- c. Debenture
- d. Retained earnings sources of finance

(5 Marks each)

3a. A company has 2 investment proposals to choose from, use the appropriate technique to determine which investment proposal to choose using the information given in the table below. (18 Marks)

	Proposal 1	Proposal 2
	Automatic Machine	Ordinary Machine
Cost	N220,000	N60,000
Useful life	5.5 years	8 Years
Estimated annual Sales	N150,000	N150,000
Costs: Materials	N50,000	N50,000
Labour	12,000	60,000
Variable Overheads	24,000	20,000

3b. What is the basis for your decision in (A) above

(2 Marks)

4. Discuss the following terms and their implications on the Nigerian economy

- a. Money market
- b. Capital market
- c. Primary market
- d. Secondary market

(5 Marks each)

5a. Finance is an important tool in achieving the objectives of businesses and countries. Explain this concept with its features. (8 Marks)

5b. Explain the three areas in the field of finance.

(12 Marks)