NATIONAL OPEN UNIVERSITY OF NIGERIA
UNIVERSITY VILLAGE, JABI-ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES

COURSE CODE: BFN 737 **CREDIT UNIT: 2**
COURSE TITLE: MICRO AND SMALL BUSINESS FINANCING
TIME ALLOWED: 2 HOURS

Instructions:
1. **Attempt question number One (1) and any other Two (2) questions.**
2. **Question number 1 carries 30 marks, while the other questions carry 20 marks each.**
3. **Present your work in coherent and orderly manner.**

QUESTION 1 (COMPULSORY)

(a) The failure of community banking scheme and many previous government's micro financing schemes was predicated on the challenges they faced. Many of these challenges are still bedevilling microfinance banking. Identify and discuss seven of these challenges **(14 marks)**

(b) Explain six main objectives of Nigeria's micro finance policy **(6 marks)**

(c) List and briefly explain five (5) risks associated with the internal intricacies of a firm's operations **(10 marks)**

QUESTION TWO

(a) Sources of funds available to business organizations could be classified into two main categories: (a) Short-term sources, and (b) long-term sources. List and explain seven (7) different short term sources of funds available to business organisations.(**14 marks)**

(b) State four (4) advantages of preferences shares as a source of long term finance **(4 marks)**

(c) State two reasons why preference shares are less attractive than loan stock. **(2 marks)**

QUESTION THREE

(a) Briefly discuss six (6) external risks faced by business organisations. **(12 marks)**

(b) State the specific objectives of the revised 2005 microfinance policy of Nigeria **(4 marks)**

(c) What are the benefits of Financial Inclusion **(4 marks)**

QUESTION FOUR

(a) Leasing transactions can be classified in a variety of ways, applying various criteria of division. List and explain six (6) various basis or criteria used in the classification of leases**.(6 marks)**

(b) Rigorously examine the meaning of Capital Asset **(8 marks).**

(c) Explain the meaning of working capital. **(6 marks)**

QUESTION FIVE

(a) Discuss six (6) various types of equity capital available to business organisations**.(6 marks)**

(b) State six (7) key differences between debt and equity**. (7 marks)**

(c) Explain seven (7) goals of financial inclusion.**(7 marks)**