



COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

Financial Management II: MAC410

END OF SEMESTER EXAMINATIONS

JANUARY/MAY 2020

LECTURER: Mr. Gabriel Muzah

DURATION:(48 Hours)

INSTRUCTIONS

- The paper contains only three (3) questions
 - Answer only **ONE (1)** question
 - The duration is 3hrs but you have 48hrs to download and upload the exam
 - We are very interested in your own thoughts and writing in response to the questions in the exam.
 - Africa University will check all submitted final exams for plagiarism, excessive referencing and for exams which are identical or in which evidence of copying is apparent. Failing to acknowledge and cite other people's work or ideas, close paraphrasing, using passages verbatim without referencing, extreme referencing (without any original work done by the student), and copying other students' work is considered academic dishonesty by AU
 - Accordingly, responses to the questions in the final exam should be original.
 - Final exams which have been reported with apparent plagiarism/copying will be returned without being marked, resulting in failure to pass the exam.
 - AU CBPLG recommends that students use appropriate citation styles, for example:
 - APA style: www.apastyle.org and <http://www.apastyle.org/learn/quick-guide-on-references.aspx>
- and include a reference list** at the end of the final exam containing the necessary information for the grader to identify the sources cited.

The 2010 Harvard Referencing Guide defines plagiarism in the following manner:
“Plagiarism”

10.7.1 Plagiarism is the submission of an item of assessment containing elements of work produced by another person(s) in such a way that it could be assumed to be the student's own work.

Examples of plagiarism are:

- the verbatim copying of another person's work without acknowledgement
- the close paraphrasing of another person's work by simply changing a few words or altering the order of presentation without acknowledgement
- the unacknowledged quotation of phrases from another person's work and/or the presentation of another person's idea(s) as one's own.

10.7.2 Copying or close paraphrasing with occasional acknowledgement of the source may also be deemed to be plagiarism if the absence of quotation marks implies that the phraseology is the student's own.

10.7.3 Plagiarized work may belong to another student or be from a published source such as a book, report, journal or material available on the internet."

Question 1

Multinational corporations (MNC) usually bring with them foreign direct investment (FDI), which is direct investment in a country by the company for expanding their existing business base or for buying of raw goods and inputs from them. With reference to a **specific MNC**, discuss the advantages and disadvantages FDI has on the host country. **[100 Marks]**

Question 2

Unlike traditional finance theories which assume rationality of behavior, behavioral finance explains financial problems from psychology perspective. Compare and contrast the efficient market hypothesis (Markowitz Portfolio Theory) to propositions made by behavioural finance. **[100 Marks]**

Question 3

The cost of finance is an important factor in both the investing and financing decision. Discuss other factors that a firm that a firm would consider when deciding on a source of finance. **[100 Marks]**

~ End of Exam [Total 100 Marks] ~
