ZIMBABWE

MINISTRY OF HIGHER AND TERTIARY EDUCATION, INNOVATION, SCIENCE AND TECHNOLOGY DEVELOPMENT

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL DIPLOMA

IN

BUSINESS STUDIES

MODULE: Corporate Finance 1 **PAPER NO: 524/23/M04**

DURATION: 3 Hours

JUNE 2026 EXAMINATION

REQUIREMENTS

Non – programmable calculator

INSTRUCTIONS TO CANDIDATE

1. Answer all questions.
2. This paper consists of five (5) questions.
3. Show all necessary workings.

This paper consists of 2 printed pages.

PAPER NO: 524/23/M04 – CORPORATE FINANCE 1

QUESTION 1

Several instruments are traded on the money market. Describe any four instruments traded in the money market. (20 marks)

QUESTION 2

a) Distinguish between preferred stock and debentures as sources of long term finance for corporations. (12 marks)

b) Outline any four (4) advantages and four (4) disadvantages of raising capital using equity. (8 marks)

QUESTION 3

Discuss any four (4) types of dividend policies that can be followed by corporates in Zimbabwe. (20 marks)

QUESTION 4

a) You are considering two (2) options for receiving payments

Option 1:

1000 Zig at the end of each year for the next 5 years.

Option 2:

6000 Zig at the end of 5 years.

If the annual interest rate is 6% per annum, which option would be more beneficial from a financial perspective considering the time value of money? (10 marks)

b) Explain any five (5) shortcomings of the concept of time value of money. (10 marks)

QUESTION 5

a) Explain the main objectives of working capital management. (15 marks)

b) Explain the risk- return trade off in working capital management. (5 marks)

................../pm