

Ans 3

Objective of Financial Management

- It is the well accepted that the objective of financial management is the maximization of share holders expressed in the form of the maximization of value of firm.
- It is necessary to know and determine as to how the maximization of share holders wealth is to be measured.
 - The measure of wealth which is used in financial management is the concept of Economic value.

Capitalization

(1) It is the sum of a corporation's long term financing included in the Capital.

(2) Debt, common stock preferred stock

(3) Quantitative aspect as it represents quantum of fund used

(4)

Capital structure

Capital structure of a company refers to types of long term financing included in the Capital.

Debt, common stock, preferred stock, retained earnings and reserves

Qualitative aspect as it represent source of funding.

$$C.S = F.S - C.L$$

Capital structure =
Financial structure -
Capital