

Ans 1

## Objective of Financial Management

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

# Capitalization

# Capital structure

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

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

② Debt, Common Stock Preferred Stock

Debt, Common Stock, Preferred Stock, retained earning and reserves

③ Quantitative aspect as it represents quantum of fund used.

Qualitative aspect as it represent source of funding.

④

$$C.S = F.S + C.L$$

Capital structure =  
Financial structure +  
Capital