45 Lecture - MGT211

Important Subjective

1. **What is Financial Management?**
   Ans: Financial Management is the process of planning, organizing, directing, and controlling financial activities like procurement and utilization of funds of an organization.

2. **What is the main objective of Financial Management?**
   Ans: The main objective of Financial Management is to maximize shareholder's wealth by increasing the value of the firm.

3. **What is Working Capital?**
   Ans: Working Capital refers to the difference between current assets and current liabilities. It represents the operating liquidity available to a business.

4. **What is Capital Budgeting?**
   Ans: Capital Budgeting is a process used to determine whether an organization's long-term investments such as new machinery, replacement of old machinery, etc., are worth pursuing or not.

5. **What is the Time Value of Money?**
   Ans: Time Value of Money is the concept that the value of money changes over time due to various factors like inflation, interest rates, etc.

6. **What is Financial Leverage?**
   Ans: Financial Leverage is the use of debt or other financial instruments to increase the potential return on investment.

7. **What is the difference between Accounting and Financial Management?**
   Ans: Accounting is the process of recording, classifying, and summarizing financial transactions whereas Financial Management is concerned with planning, organizing, directing, and controlling financial activities.

8. **What are the different sources of finance?**
   Ans: The different sources of finance are equity, debt, retained earnings, and hybrid securities.

9. **What is the role of Financial Management in mergers and acquisitions?**
   Ans: Financial Management plays a crucial role in mergers and acquisitions by analyzing the financial viability of the deal, managing the financial risks, and determining the financing options.

10. **What is Risk Management?**
    Ans: Risk Management is the process of identifying, assessing, and controlling risks that may impact an organization's financial performance. It helps in minimizing the potential negative impact of risks and maximizing the potential positive impact.