

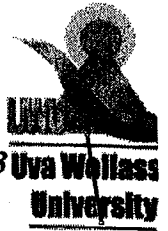
Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management in Entrepreneurship and Management

THIRD YEAR SECOND SEMESTER EXAMINATION – SEPTEMBER/OCTOBER 2013

EMG 461-2 Corporate Finance



Part C- Essay Questions

Total marks for part C : 50

Answer three (03) questions including question number one

01.

Finance is the life blood of business as it is required by all types of companies. It is required for starting a company and to run a company. It is required for the survival, stability and growth of a company. Also required for expansion and diversification of a business. Finance is also required for closing down the company.

- i. Briefly explain the scope of financial management? (6 Marks)
- ii. Explain the importance of proper Financial Management decisions (6 Marks)
- iii. How the finance department is responsible for devising sustainable and survival operational policies of a company when the economic environment is not all that encouraging? (8 Marks)

(Total Marks 20)

02.

- i. Why do managers prefer the book value weights for calculating weighted average cost of capital (WACC)? (2 Marks)
- ii. "Debt is the cheapest source of funds". Explain. (3 Marks)
- iii. Given a 2-year, zero-coupon bond with a face value of Rs.100 and trading at a simple annual rate of 10%, determine the bond values given following compounding frequencies:
 - a. Monthly
 - b. Weekly

(4 Marks)