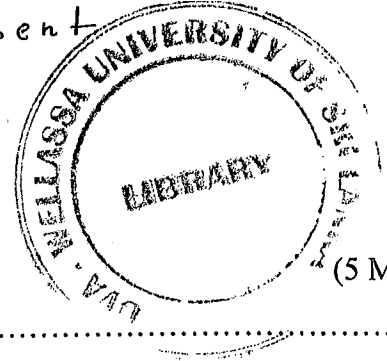




Part B - (60 Marks)

01. i) What is Financial Management?

(5 Marks)

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ii) Agency problems occur due to the conflicts of interest of shareholders and managers. State five (05) strategies to mitigate agency problems. (5 Marks)

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02. i) State five (05) external factors which affect to financial decisions (5 Marks)

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ii) State five (05) objectives of Financial Management (5 Marks)

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03. You are the branch manager of Sisil Finance Company (Pvt) Ltd. A borrower approaches you for a term loan of Rs. 500,000. You agreed to give loan to be fully amortized in a period of 5 years at 10 percent, annual payment. What will be the size of each installment?

(10 Marks)

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04. i) Explain why firms hold cash balances in checking accounts?

(6 Marks)



ii) State three (03) methods to finance accounts receivables

(4 Marks)

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05. i) State five (05) categories of financial ratios

(5 Marks)

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ii) What is the earnings per share (EPS) for a company that earned Rs.200,000 last year as after-tax profits, has 50,000 common shares outstanding and Rs.1.2 million in retained earnings at the year end??

(5 Marks)

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06. Explain the factors that you should consider to perform effective financial statement analysis

(10 Marks)

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