

Jyoti Nivas College Autonomous

Department of Commerce and Management

**4.5 FINANCIAL MANAGEMENT
IV Semester B.Com**

Objectives:

1. To give insight into financial decision-making as an Investor
2. To familiarize the students to understand the Financial Management.
3. To bring awareness among students regarding investment decisions.

Outcomes:

1. Help the students to take financial decision and manage personal and company finance.
2. Help the students to take correct investment decisions
3. Analyze working capital of the company and its impact in business

Unit	Content of the Subject	Hours
I	Financial Management Financial function – aims of finance function – financial management – goals of financial management – financial decisions – financial planning – objectives and principles of sound financial planning – long term and short term financial plan – factors affecting plan. time value of money(concept only).	10

II	<p><i>Financing Decisions</i> Capital structure – factors influencing capital structure – EBIT – EBT – EPS – analysis – leverage – problems.</p>	10
III	<p><i>Cost of Capital</i> Meaning – Computation of cost of capital of equity, Preference, debentures, retained earnings- weighted average cost of capital- CAPM(meaning only)</p>	8
IV	<p><i>Investment Decisions</i> Capital budgeting – significance – techniques of capital budgeting – payback period method – ARR Method – Net Present Value Method – IRR Method – Profitability Index.</p>	12
V	<p><i>Working Capital</i> Meaning – Concepts of working capital – factors influencing working capital requirements – importance of adequate working capital – components of working capital – cash management – receivables management and inventory management – simple problems on estimation of working capital requirements.</p>	12
VI	<p><i>Dividend Decisions</i> Meaning – Types of Dividend Policies – Factors influencing Dividend policies – Forms of Dividends</p>	8

SKILL DEVELOPMENT

1. Estimating working capital requirements for a company

2. Evaluating a capital investment proposal using various techniques.
3. Collection of market value of leading shares and bonds.
4. Draw an organization chart of the finance function of a company.

BOOKS FOR REFERENCE

1. I.M Pandey Financial Management, Vikas Publishing House Pvt Ltd
2. Dr. S.N Maheswari & Dr. C.B Gupta, Financial Management, Vikas Publishing House Pvt Ltd
3. Dr. Sathya Prasad & P.V Kulkarni, Financial Management, Himalaya Publishing House
4. V. K Bhalla, Financial Management, International Book House Pvt Ltd.
5. Shashi K Gupta and Sharma, Financial Management, Kalyani Publishers.
6. Eugene F Brigham & Michael C Ehrhardt, Financial Management Theory and Practice, 10th edition, Thomson Learning South Western