

JYOTI NIVAS COLLEGE AUTONOMOUS

Programme: B.Com/INTEGRATED B.Com - M.Com

Semester: V

Financial Management

No. of Credits: 4

No. of Hours: 60

Course Objectives:

- To give insight into financial decision-making as an Investor.
- To familiarize the students with the concepts of Financial Management.
- To bring awareness among students regarding investment decisions.

Learning Outcomes:

- Understand the Role of Financial Managers effectively in an organization.
- Apply the compounding & discounting techniques for time value of money.
- Take investment decision with appropriate capital budgeting techniques for investment proposals.
- Understand the factors influencing the capital structure of an organization.
- Understand the factors influencing the working capital requirements of an organization

Unit-1: Introduction to Financial Management

10 Hours

Introduction: Meaning of Finance-Finance Function-Objectives of Finance function
Organization of Finance function. shareholder value creation- concept and drivers

Financial Management: Meaning and definition of Financial Management- Goals of
Financial Management-Scope of Financial Management-Functions of Financial
Management Role of Finance Manager in India.

Financial planning: Meaning –Need – Importance -Steps in financial Planning –
Principles of a sound financial plan and Factors affecting financial plan.

Unit-2: Time Value of Money

14 Hours

Meaning of time value of money-time preference of money- Techniques of time value of
money: Compounding Technique-Future value of Single flow. Multiple flow and Annuity
– Perpetuity-Discounting Technique-Present value of Single flow, Multiple flow – and
Annuity. (Theory and Problems)

Unit-3: Capital Structure and Leverages

12 Hours

Meaning and Definition of Capital Structure, Factors determining the Capital Structure, Concept of Optimum Capital Structure, EBIT-EPS Analysis. Leverages: Meaning and Definition, Types of Leverages- Operating Leverage, Financial Leverage and Combined Leverages. (Theory and Problems)

Unit-4: Capital Budgeting

14 Hours

Meaning and Definition of Capital Budgeting, Features, Significance – Steps in Capital Budgeting Process. Techniques of Capital budgeting: Traditional Methods – Pay Back Period, and Accounting Rate of Return – DCF Methods: Net Present Value- Internal Rate of Return and Profitability Index- (Theory and Problems).

Unit-5: Working Capital Management

10 Hours

Meaning and Definition, types of working capital, Operating cycle, Determinants of working capital needs-Sources of working capital- Merits of adequate working capital - Dangers of excess and inadequate working capital. (Problems on estimation of Working Capital- projected balance sheet method)

Skill Development Activities:

- Roles available for a finance manager in a startup business.
- Prepare the list of Functions of Finance Manager.
- As a finance manager of a company, design an appropriate Capital Structure.
- Evaluate a capital investment proposal by using NPV method with imaginary figures.
- Calculate EBIT and EPS with imaginary figures.
- Preparation of working capital statement for a manufacturing concern

Books for References:

- IM Pandey, Financial management, Vikas publications, New Delhi.
- Abrish Guptha, Financial management, Pearson.
- Khan & Jain, Basic Financial Management, TMH, New Delhi.
- S N Maheshwari, Principles of Financial Management, Sulthan Chand & Sons, New Delhi.
- Chandra & Chandra D Bose, Fundamentals of Financial Management, PHI, New Delhi.
- Ravi M Kishore, Financial Management, Taxman Publications
- Prasanna Chandra, Financial Management, Theory and Practice, Tata McGraw Hill.

Note: Latest edition of text books may be used.