

3307

B. Com. III Year

FINANCIAL MANAGEMENT

UNIT – I :

Business finance: Meaning, Nature, Scope, Objectives, Financial Goals, Profit Vs Wealth Maximization, Role of Financial Function of Business, Management and organization of finance, changing role of finance and finance manager, traditional and modern approach, time value of money, calculation of simple and compound interest, calculation of YTM.

UNIT – II :

Capital structure: Optimum capital Structure, determinants of Capital structure, Financial Planning, Corporate securities-Equity shares, Preference shares, kinds, advantage and disadvantages of preference shares, stock exchange function, stock exchange operations, debentures, kinds Importance and limitations, cost of equity, cost of debenture, cost of preference share, retained earnings and weighted average cost of capital (WACC).

UNIT – III :

Capitalization : Meaning, difference between capital and capitalization, estimation of capital requirements, theories of capitalization-Definitions, causes disadvantages and remedies to over capitalization and under capitalization. Selection of security mix, operating and financial leverage. EBIT, EPS analysis.

UNIT – IV :

Finance forecasting : New instruments of Financing, hybrid debt instruments, their characteristics and benefits, Derivatives-Characteristics, forward and future contracts – participants and mechanism, options-Call and Put, Pricing of Options, Factors affecting Pricing of Options, Financial forecasting, benefits, techniques, external fund requirements, sustainable and internal growth rate. Dividend Policies, Meaning, essentials of sound dividend policy, types, Walter, Gordon and Modigliani and Miller Model of Dividend.

UNIT – V :

Cash financing: Motives for holding cash, objectives, Factors, Determining cash needs, Cash budget, Cash financing, techniques Miller and OR cash Management model, capital expenditure decisions – capital budgeting, inventory and bill receivables management.

Suggested Readings :

1. Agrawal & Agrawal; Financial Management (Hindi)
2. Bhalia V.K.; Modern Working Capital Management, Anmol Pub. Delhi.
3. Brigham E.F., Gapenski L.C., and Ehrhardt M.C.: Financial Management – The and Practice : Harcourt College Publishers, Singapore.
4. Khan M.Y. and Jain P.K. : Financial Management, Text and Problems: Tata McGraw Hill, New Delhi.
5. Pandey I.M.: Financial Management : Vikas Publishing House, New Delhi.
6. Prasanna Chandra: Financial Management Theory and Practice: Tata McGraw Hill, New Delhi
7. Rao, Singh, Rao : Financial Management, Apex Publishing House, Udaipur.
8. Van Home J.C.: Fundamentals of Financial Management : Prentice Hall of India, New Delhi.