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23013 FUNDAMENTALS OF FINANCIAL MANAGEMENT

AP

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Categories: Commerce and Management



FUNDAMENTALS OF FINANCIAL MANAGEMENT

OBJECTIVE OF THE PAPER: To enable students to understand the basic concepts of financial management and the role of financial management in decision-making.

MODULE 1 - FINANCIAL MANAGEMENT – AN OVERVIEW

Financial management – Meaning, definition and importance. Nature of financial management – Scope of financial management – Traditional approach and Modern approach, Functions of financial management, Objectives of financial management – Profit maximization and wealth maximization- Time value of money - Simple problems on time value of money- compounding and discounting.

MODULE 2 - MEASUREMENT OF COST OF CAPITAL AND CAPITAL BUDGETING

Definition, meaning, importance. Concepts of costs.

Definition and meaning – significance- process, Type of projects –Investment evaluation techniques – Traditional techniques – Payback period and ARR– Modern techniques - NPV, IRR, PI, discounted payback period - Capital rationing – Meaning, causes and selection process.

MODULE 3 - FINANCING DECISIONS AND DIVIDEND DECISIONS

Capital structure, financial structure and optimum capital structure. Significance of capital structure and factors determining capital structure.

Meaning of dividend and dividend policy. Theories on dividend policy – Walter's Model, Gordon's Model, MM Hypothesis. Stability of dividend – Forms of dividend, Factors determining dividend policy.

BOOKS FOR STUDY AND REFERENCE

1. Chandra Prasanna (2015) *Financial Management: Theory and Practice*, Ninth Edition New Delhi. Tata McGraw Hill Publishing Co. Ltd.
2. Khan & Jain (2014) *Financial Management*, Thirteenth Edition, New Delhi: TMH Publishing Co. Ltd.
3. Maheshwari S. N. (2014) *Financial Management*, Twelfth Edition, New Delhi: Sultan Chand & Sons.
4. Pandey I.M. (2014) *Financial Management*, Eleventh Edition, New Delhi: Vikas Publishing House Private Limited.
5. Raghunandan B. V. (2015) *Financial Management*, Ninth Edition, Mangaluru: Shusrutha Books.
6. Raman B.S. (2014) *Management Accounting*, Fifteenth Edition, Mangalore: United Publishers Co. Ltd.