

**Name of Teacher: Dr. Saloni Gupta**

**Course: B.Com (Hons), Sec B, Semester: V**

**Paper BCH 5.2: Financial Management (Core Paper)**

**Theory + Lab + Tutorial: 4 Credit hrs. (Four Lectures) + 1 Credit hrs. (Two practical labs per week- per group) + 1 Credit hrs. (One tutorial per group) = 6 credits**

**Subject Objectives:** To familiarize the students with the principles of financial management.

**LESSON PLAN (July-Dec 2021)**  
**(Unit-wise)**

<b>UNIT/ Lectures and Labs Required</b>	<b>TOPICS FOR STUDENT PREPARATION (INPUT)</b>	<b>PROCEDURE (Tools)</b>	<b>LEARNING OUTCOME (OUTPUT)</b>	<b>ASSESSMENT</b>
UNIT 1 : Introduction of Financial Management (6 lectures, 3 labs & 2 tutorials)	Finance function- Nature, scope and objectives of Financial Management (profit maximization Vs Wealth maximization), Agency problem, Time value of money, concept of risk & return in finance	*Lecture and discussion *Problem solving with the help of black-board *Use of statistical tables like Present/Future value of money and annuities	*Understanding the importance of Financial management and its functions. *Getting familiarized with the goals of Financial Management *Appreciating the interdependence of different areas of Financial Decisions *Understanding the concept of Time value of money and its applications	Evaluation through Assignment
UNIT 2 : Capital Budgeting (16 lectures, 8 Labs & 4 tutorials)	The capital budgeting process, Cash Flow Estimation, Payback Period (PB) method, Discounted Payback Period method, Accounting Rate of Return (ARR), Net Present	*Lecture and discussion *Problem solving with the help of black-board *Use of Spread – sheet for calculation of NPV & IRR	*Understanding the importance of Capital Budgeting decision. *Learning the estimation of Cash-flows. *Learning to compute different techniques of Capital Budgeting like PB,ARR,NPV,IRR * Appreciating the	Evaluation through class participation & class-test

	Value (NPV), Net Terminal Value, Internal rate of return (IRR), Profitability index, Capital budgeting under risk-Uncertainty equivalent approach and Risk-Adjusted Discount Rate.		difference between NPV & IRR *Adjusting the Cash-flows and evaluation criteria under the situation of risk & uncertainty	
UNIT 3 : Cost of Capital and Financing Decision (16 lectures, 8 labs & 4 tutorials)	Sources of long-term financing, Estimation of components of Cost of Capital, Methods for calculating Cost of Equity, Cost of Retained Earnings, Cost of Debt and Cost of Preference Capital, Weighted Average Cost of Capital (WACC), and Marginal Cost of Capital, Capital structure-Theories of capital structure (Net income (NI), Net Operating Income (NOI), MM Hypothesis, Traditional approach). Operating and Financial leverage. Determinants of capital structure	*Lecture and discussion *Problem solving with the help of black-board *Use of Spread sheet for estimation of components of cost of capital	*Understanding the interdependence of Financing Decision & Capital Budgeting decision. *Learning to compute different Components of Cost of Capital like Debt, Preference & Equity *Learning the estimation of WACC. * Appreciating the difference between Book value weights & Market value weights *Understanding different theories of Capital Structure *Learning to evaluate Operating and Financial Leverage *Understanding the determinants of capital structure	Evaluation through class participation, test & Assignment

UNIT 4 : Dividend Decision (10 lectures, 5 labs & 2 tutorials)	Theories for relevance and irrelevance of dividend decision for corporate valuation- Walter's model, Gordon's model, MM theory, Cash and Stock dividend. Dividend policies in practice and determinants of dividend.	*Lecture and discussion *Problem solving with the help of black-board *Use of Case-study Method for explaining dividend policy in practice	*Understanding the dividend theories of relevance and irrelevance for corporate valuation- *Applying Walter's model, Gordon's model, &MM theory for valuation of firm *Appreciating the difference between Cash and Stock dividend. *Understanding Dividend policies in practice and determinants of dividend.	Evaluation through class participation & Assignment
UNIT 5 : Working Capital Decisions (12 lectures, 6 labs & 3 tutorials)	Concept of working capital, Operating & Cash cycles, Risk-Return trade-off, Sources of short-term finance, Working Capital Estimation, Cash Management, Receivables Management, Inventory management	*Lecture and discussion *Problem solving with the help of black-board	*Understanding the concept of working capital *Measuring Operating & Cash cycles *Determining the role of Risk-Return trade-off in Working capital management *Learning to calculate Gross &Net Working Capital *Understanding the managements of different components of WC like Cash Management, Receivables	Evaluation through Presentation

			Management & Inventory management	
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### Suggested Readings:

1. Khan, M.Y. and Jain, P.K. *Financial Management: Text and Problems*. Tata McGraw Hill.
2. Horne, Van, James, C., and John, Wachowicz. *Fundamentals of Financial Management*. Pearson Education.
3. Ross, Stephen A., Westerfield, Randolph, and Jaffrey, Jaffe. *Corporate Finance*. Tata McGraw Hill.
4. Singh, J.K. *Financial Management-text and problems*. Dhanpat Rai and Company, Delhi
5. Singh, Surender and Kaur, Rajeev. *Fundamentals of Financial Management*. Mayur Paperback, Delhi.
6. Rustagi, R.P., *Financial Management*. Galgotia Publishing Company, Delhi.
7. Pandey, I. M., *Financial Management*. Vikas Publications.
8. Chandra, P., *Financial Management-Theory and Practice*. Tata McGraw Hill.

**Name of Teacher: Dr. Saloni Gupta**

**Course: B.Com: CBCS, Semester: V**

**Paper BC 5.2(a): Fundamentals of Financial Management (DSE-2)**

**Lectures + Tutorial: 2 Lectures**

**Subject Objectives:** To familiarize the students with the principles of financial management.

### LESSON PLAN (July-Dec 2021) (Unit-wise)

UNIT/ Lectures and Labs Required	TOPICS FOR STUDENT PREPARATION (INPUT)	PROCEDURE (Tools)	LEARNING OUTCOME (OUTPUT)	ASSESSMENT
UNIT 1 : Introduction of Financial Management (8 lectures)	Finance function- Nature, scope and objectives of Financial Management (profit maximization Vs Wealth maximization), Agency problem,	*Lecture and discussion *Problem solving with the help of black-board *Use of statistical tables like Present/Future value of money and annuities	*Understanding the importance of Financial management and its functions. *Getting familiarized with the goals of Financial Management	Evaluation through Assignment

	Time value of money, concept of risk & return in finance		*Appreciating the interdependence of different areas of Financial Decisions *Understanding the concept of Time value of money and its applications	
UNIT 2 : Capital Budgeting (20 lectures)	The capital budgeting process, Cash Flow Estimation, Payback Period (PB) method, Discounted Payback Period method, Accounting Rate of Return (ARR), Net Present Value (NPV), Net Terminal Value, Internal rate of return (IRR), Profitability index, Capital budgeting under risk-Uncertainty equivalent approach and Risk-Adjusted Discount Rate.	*Lecture and discussion *Problem solving with the help of black-board *Use of Spread – sheet for calculation of NPV & IRR	*Understanding the importance of Capital Budgeting decision. *Learning the estimation of Cash-flows. *Learning to compute different techniques of Capital Budgeting like PB,ARR,NPV,IRR *Appreciating the difference between NPV & IRR *Adjusting the Cash-flows and evaluation criteria under the situation of risk & uncertainty	Evaluation through class participation & test

### Suggested Readings:

1. Khan, M.Y. and Jain, P.K. *Financial Management: Text and Problems*. Tata McGraw Hill.
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