

B.Com. : Semester-VI

BCR601: FINANCIAL MANAGEMENT

Teaching Scheme	Examination Scheme
Lectures: 3 hrs/Week	Class Test – 12 Marks
Tutorials: 1 hr/Week	Teachers Assessment –6 Marks
Credits: 4	Attendance – 12 Marks
	End Semester Exam – 70 Marks

Course Objective

To familiarize the students with the principles and practice of financial management.

Course Learning Outcomes

After completing the course, the student shall be able to:

- CO1: explain the nature and scope of financial management as well as time value of money
- CO2: understand risk return trade off.
- CO3: analyze capital budgeting process and capital budgeting techniques.
- CO4: estimate various capital structure theories and factors affecting capital structure decisions in a firm.
- CO5: critically examine various theories of dividend and factors affecting dividend policy.
- CO6: evaluate working capital requirement of a business.

Unit I: Financial Management

Financial goals; Profit v/s wealth maximization; financial functions - investment, financing, and dividend decisions; financial planning.

Unit II: Capital Budgeting

Nature of investment decisions, investment evaluation criteria, payback period, accounting rate of return, net present value, internal rate of return profitability index; NPV and IRR comparison.

Unit III: Cost of Capital and leverage analysis

Significance of cost of capital; Calculating cost of debt; Preference shares, equity capital, and retained earnings; Combined (weighted) cost of capital. Operating, Financial and combined Leverage,

Unit IV: Capital Structure

Theories and determinants Dividend Policies: Issues in dividend policies; Walter's model, forms of dividends and stability in dividends, determinants.

Unit V: Management of Working Capital

Management of Working Capital: Nature of working capital, significance of working capital, operating cycle and factors determining of working capital requirements; Overview of cash, receivables, and inventories management.

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Suggested Readings

- Van Home J.C: Financial Management and Policy; Prentice Hall of India, New Delhi.
- Van Home J.C: Fundamentals of Financial Management; Prentice Hall of India, New Delhi.
- Khan M.Y. and Jain P.K: Financial Management, Text and Problems; Tata McGraw Hill, New Delhi.
- Prasanna Chandra: Financial Management Theory and Practice; Tata McGraw Hill, New Delhi.
- Pandey I.M: Financial Management; Vikas Publishing House, New Delhi.
- Brigham E.F, Gapenski L.C., and Ehrhardt M.C: Financial Management: Theory and Practice; Harcourt College Publishers, Singapore.
- Bhalla V.K.: Modern Working Capital Management, Anmol Pub; Delhi.

Note: Latest Editions of the text books may be used.

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