**MBA206: Financial Issues**

**Course Objectives:**

* To gain an understanding on the use of basic business financial management concepts and tools of analysis such as valuation.
* To gain an insight into various types of financing available to a firm.
* To have an understanding of various factors considered in designing the capital structure.
* To acquaint the students about key areas related to investment and Working Capital Management.
* To gain an insight into various techniques of dividend and retention ratio.

**Total: 40 Hrs.**

**Course Outline**

**Unit-I: (10 Hours)**

Introduction to financial management: objectives of financial management. Time value of money. Long term investment / Capital budgeting decision: Investment evaluation techniques traditional methods and discounted criteria, risk analysis of investment proposal

**Unit -2**: (12 Hours)

Financing and capital structure decisions: Meaning and factors affecting capital structure, cost of capital. Leverage Analysis- operating, financial and combined leverage

Working Capital Management: factors affecting working capital, estimation of working capital requirement, Inventory, cash and receivables management.

Dividend decision: Dividend policies and dividend theories

**Unit -3: (8 Hours)**

Management accounting: Definition, differences with Financial Accounting, Introduction to manufacturing costs and its classification, Elements of Cost, Unit costing, Relevant information for decision making, CVP and BEP analysis.

**Unit -4: (10 Hours)**

Decision making areas -special order, addition and deletion of product and services, optimal uses of limited resources, make or buy decisions.

Standard costing and Variance analysis regarding materials and Labor.

**Recommended book(s)**

Management Accounting, by Atkinson, Pearson / PHI

Management Accounting, by Sudhindra Bhat, Excel Books

Management Accounting, by Sharma, Sashi K Gupta Kalyani

Financial management, theory and practice, by Prasanna Chandra, TMH.

Financial management, by M.Y. Khan and P.K. Jain, TMH.

Financial management, by I.M. Pandey, Vikas Publication.

Course Outcome : After reading this course students will be able to reach the following outcomes:

1. Apply techniques to project financial statements for forecasting long-term financial needs.
2. Explain the role of short-term financial management, and the key strategies and techniques used to manage cash, marketable securities, accounts receivable and inventory.

3. Apply future value and present value concepts to single sums, mixed streams, and annuities.
4. Identify relevant cash flows for capital budgeting projects and apply various methods to analyze projects.
5. Apply techniques for estimating the cost of each component of the cost of capital and understand how to assemble this information into a cost of capital and Capital structure. 6. Explain the concept of leverage and the benefits and costs associated with debt financing.

7. Apply techniques of dividend and retention ratio . Employable skills

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| Understanding of financial theory to enable students to enhance corporate financing decisions  | Case Study  |
| Understanding major techniques used in long term corporate investment management  | Excel Analysis  |
| Basic insight about schemes , interest rates of various sources of finance  | www.bankrate.com + Newspaper  |