**DIRECTORATE OF DISTANCE EDUCATION**

**INTEGRAL UNIVERSITY, LUCKNOW**

**Subject Name: FINANCIAL MANAGEMENT**

**Subject Code: M.COM- 102 Paper Code: FM/M**

**(W.e.f. JULY 2018 Session)**

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| **C****O****N****T****E****N****T****S** | **UNIT**  | **Chapter Name** |
| **Unit - 1** | **FINANCE AN INTRODUCTION** |
| **Unit – 2** | **FINANCE FUNCTION** |
| **Unit – 3** | **FINANCIAL MANAGEMENT NATURE AND SCOPE** |
| **Unit – 4** | **FINANCIAL GOALS** |
| **Unit – 5** | **FINANCAIL DECISIONS** |
| **Unit – 6** | **CAPITAL BUDGETING –A CONCEPTUAL FRAMEWORK** |
| **Unit – 7** | **EVALUATION OF CAPITAL PROJECTS** |
| **Unit – 8** | **RISK ANALYSIS IN CAPITAL BUDGETING** |
| **Unit – 9** | **COST OF CAPITAL** |
| **Unit – 10** | **CAPITAL STRUCTURE THEORIES** |
| **Unit – 11** | **DIVIDENT POLICIES** |
| **Unit – 12** | **WORKING CAPITAL MANAGEMENT** |
| **Unit – 13** | **OPERATING CYCLE & ESTIMATION OF WORKING CAPITAL** |
| **Unit – 14** | **WORKING CAPITAL & BANKING POLICY** |
| **Unit – 15** | **DIMENSION OF WORKING CAPITAL MANAGEMENT** |

**FINANCIAL MANAGEMENT**

**UNIT–01 FINANCE AN INTRODUCTION**

* Introduction
* Definition of Finance
* Functions of Finance
* Types of Finance
* Business Finance
* Direct Finance
* Indirect Finance
* Public Finance
* Private Finance
* Corporation Finance
* Finance in Relation to other Allied Disciplines

**UNIT–02 FINANCE FUNCTION**

* Nature of Finance Function
* Content of Finance Function
* Finance Function - Objectives
* Changing Concept of Finance
* Scope of Finance Function
* Organisation of the Finance Function
* Meaning of the Finance Function
* Finance Function - A New Perspective

**UNIT–03 FINANCIAL MANAGEMENT NATURE AND SCOPE**

* + Financial Management - Introduction
	+ Financial Management - Definition
	+ Evaluation of Financial Management
	+ Nature of Financial Management
	+ Financial Management – Key Areas
	+ Financial manager–Functions
	+ Financial Management - As science or art

**UNIT–04 FINANCIAL GOALS**

* Objectives / goals – Meaning
* Introduction goals of Financial Management
* Goals of Financial Management
* Profit Maximisation
* Arguments in favour of Profit Maximisation
* Criticisms leveled against Profit Maximisation
* Wealth maximisation
* Profit maximization Vs Wealth Maximisation

**UNIT–05 FINANCAIL DECISIONS**

* Introduction
* Financial decision – types
* Investment decisions
* Financing decision
* Dividend decision
* Liquidity
* Relationship of financial Decisions
* Factors influencing Financial decisions

**UNIT–06 CAPITAL BUDGETING –A CONCEPTUAL FRAMEWORK**

* Meaning of Capital Budgeting
* Capital expenditure
* Definition
* Need for capital investment
* Capital budgeting-Introduction
* Capital Budgeting process
* Factors influencing Investment decisions
* Kinds of Capital Budgeting Decisions

**UNIT–07 EVALUATION OF CAPITAL PROJECTS**

* Investment evaluation criteria
* Features required by Investment evaluation criteria
* Techniques of investment Appraisal
* Discounted cash flow (DCF) Criteria
* Non-discounted cash flow Criteria
* Comparison between NPV & IRR
* Similarities of results under NPV and IRR
* Problems & key

**UNIT–08 RISK ANALYSIS IN CAPITAL BUDGETING**

* Capital rationing – meaning
* Measuring of risk and uncertainty
* Types of uncertainties
* Precautions for uncertainties
* Risk and investment proposals
* Risk and uncertainty
* Incorporated methods of Capital project evaluation

**UNIT–09 COST OF CAPITAL**

* Introduction
* Definition of Cost of Capital
* Introduction
* Determination of cost of Capital – problems involved
* Measurement of cost of Capital
* Cost of preference share Capital
* Cost of equity capital
* Cost of retained earnings
* Weighted average cost of Capital

**UNIT–10 CAPITAL STRUCTURE THEORIES**

* Introduction
* Financial leverage
* Measures of financial leverage
* Operating leverage
* Measures of operating leverage
* Combined effect of operating and financial leverage
* Capital structure theories
* Analyzing alternate financial plans
* Capital structure planning
* Composition of capital structure
* Capital structure frame work
* FRICT analysis
* Capital structure and value of a firm
* Net income approach
* Weighted average cost of capital
* Net operating income approach
* Traditional approach
* Modigliani and Miller’s proposition
* Taxes and capital structure
* Capital structure determinants in practice

**UNIT–11 DIVIDENT POLICIES**

* What is dividend?
* How do we define dividends?
* Factors which influence dividend decisions
* What is the form in which dividends are paid?
* Dividend policies
* Issues in dividend policy
* Some important dates in dividend payments
* Some Frequently Asked Questions
* The Residual Theory of Dividends
* Dividend Irrelevance
* Signaling Hypothesis
* Dividend Relevance:
* Walter’s Model
* Gordon’s model
* Implications for Corporate Policy

**UNIT–12 WORKING CAPITAL MANAGEMENT**

* Working capital management
* Current assets and Current liabilities
* Fixed assets vs. current assets
* Gross concepts and Net concepts of Working Capital
* Permanent Working Capital and Temporary Working Capital
* Determinants of Working Capital
* Working capital under inflation
* Negative working capital

**UNIT–13 OPERATING CYCLE & ESTIMATION OF WORKING CAPITAL**

* Operating cycle
* Estimation of Working
* Capital requirements
* Organization

**UNIT–14 WORKING CAPITAL & BANKING POLICY**

* Need for working capital banking policy?
* Dehejia committee 1969
* Tandon committee reports 1974
* *Lending practices*
* Chore committee reports 1980
* Marathe committee reports 1982
* Chakravarthy committee reports 1985
* Kannan committee reports 1997
* Recent RBI guidelines

**UNIT–15 DIMENSION OF WORKING CAPITAL MANAGEMENT**

* Background
* Liquidity Vs profitability - Return-risk trade off
* Current assets to Sales level
* Financing mix in current assets
* A good working capital management policy
* Overtrading and under trading
* Working capital leverage