

ST. JOSEPH'S DEGREE & PG COLLEGE

(Autonomous), Affiliated to Osmania University

DEPARTMENT OF BUSINESS MANAGEMENT

SEMESTER-IV

BBA,BBA(IT), BBA(BA), BBA(FM) & BBA(ENTREPRENEURSHIP)

FUNDAMENTALS OF FINANCIAL MANAGEMENT

DSC

w.e.f 2020 -2021AY

SCHEME OF INSTRUCTION

Hours per Week	: 5 Hrs.
Credits	: 5
Instruction Mode	: Lecture
Course Code	: BM.06.301.23T

SCHEME OF EXAMINATION

Maximum Marks	: 100
Internal Assessment	: 40
External Examination	: 60
External Exam Duration	: 3 Hrs

COURSE OBJECTIVE:

The course emphasizes to acquaint students with Concept of Financial Management, Financing decisions and analysis and Dividend decisions.

COURSE OUTCOMES: On successful completion of the course, the student will be able:

CO1: To equip with Fundamental of Financial Management and Time value of Money.

CO2: To gain Knowledge of Capital Budgeting decisions and techniques for evaluating capital budgeting alternatives.

CO3: To acquaint with Capital Structure Theories and their Applications.

CO4: To acquire Knowledge of cost of capital, importance of cost of capital and calculation of cost of capital.

CO5: To analyze the dividend decisions, major forms of dividends theories related to dividend decisions.

Unit I: Introduction to Financial Management

Definition, Nature and Scope of Financial Management, Traditional Approach; Modern Approach, Investment Decisions; Financing decisions; Objectives of Financial Management; Profit Maximization Vs Wealth Maximization.

Introduction to Time Value of Money: Money Valuation concept - Future value of a single cash flow - Multiple flows and annuity; Present value of single cash flow multiple flows and annuity (simple problems)



Unit II: Capital Budgeting

Capital Budgeting: Meaning, importance and various techniques; Pay Back Methods; Post Payback Period; Average Rate of Return Method; Net Present Value method; Internal Rate of Return Method; Profitability Index Method (Including Simple Problems).

Capital Budgeting under Risk & Uncertainty - Certainty Equivalents (CE) and Probability.

Unit III: Capital Structure Theories

Concept, Definition, Theories – NI – Value of firm, NOI, MM – Basic proportions, Assumptions and Traditional Approach (Including Problems) The capital structure decision in practice: EBIT – EPS analysis. (Simple Numerical Problems)

Unit IV: Cost of Capital

Concept, Definition – Average vs. Marginal Cost of Capital; Measurement of Cost of Capital – Component Costs and Weighted Average Cost of Capital (Simple Numerical Problems).

Leverage – Definition, Types- Operating, Financial and Combined leverage. Financial effects of leverage (Numerical problems)

Unit V: Dividend Decision

Definition, Major forms of dividends – Cash and Bonus shares.

Dividends Theories of Walter and Gordon Model (Simple Numerical Problems on Walter and Gordon)

Text Books:

1. Financial Management by Sudershana Reddy, 12th Edition, Himalaya publishing
2. Management Accounting and Financial Management, Gupta Shashi K., Sharma R.K., Gupta Anuj, 5th 2014, Kalyani Publishers
3. Robert Higgins, Analysis of Financial Management, 12th Edition 2018



Reference Books

1. R. P. Rastogi, “Fundamentals of Financial Management”, Galgotia Publications, New Delhi, 2008, 7th Ed.
2. M.Y.Khan&P.K.Jain “Financial Management, TMH, 2007, 3rd edition,
3. James C Van Horne. “Fundamentals of Financial Management” ,10th edition EEE
4. Financial Management - Principles and Practice, Third Edition
5. Prasanna Chandra, “Financial Management Theory and Practice”, 7th Ed. Tata McGraw Hill,
6. I. M. Pandey, “Financial Management”, 2010, 10th Ed. Vikas Publishing House.