

CORE COURSE – XI – FINANCIAL MANAGEMENT

UNIT I:

Financial Management: Meaning and scope – objectives – functions – approaches - types financial decisions – time value of money – cost of capital – cost of debt – cost of equity – cost of retained earnings – weighted average cost of capital.

UNIT II:

Financial planning – meaning and scope – capital structure – Net income approach – net operating income approach – MM approach – arbitrage process – traditional approach – capital structure planning.

UNIT III:

Leverage – meaning and types – significance – operating leverages, financial leverage – combined leverage – Dividend policy – Determinants of dividend policy, types of dividend – theories – bonus issue – stock splits.

UNIT IV:

Working capital management – determinants of working capital – forecasting of working capital requirements. Cash management – cash budget – concentration banking and lock box system

UNIT V:

Receivable management – objectives – factors influencing size of receivables – credit policies – Incremental analysis. Inventory management – meaning – objectives – techniques – purpose of holding inventory – levels of stock – EOQ – inventory turnover ratio – ABC analysis – VED analysis.

Theory: 25% Problem: 75%

TEXT BOOKS RECOMMENDED:

1. Financial Management by Dr.R.Ramachandran & Dr.R.Srinivasan – Sriram publication.
2. Elements of financial management by S.N.Maheswari – Sultan Chand & Sons.
3. Theory and Problems of Financial management by Khan & Jain.
4. Financial Management by R.K.Sharma – Kalyani publishers.