

Name of Institute: Indus Institute of Management Studies (IIMS)
Name of Faculty: Mrs Nirali Dave

Course code: BC0502

Course name: Fundamental of Financial Management

Pre-requisites Fundamental of Financial Management

Credit points: 6 Credits

Offered Semester: B.com V

Course Coordinator(1 to 15 weeks)

Full Name: Mrs Nirali Dave

Department with siting location: IIMS

Telephone:9428609964

Email:niralidave.mba@indusuni.ac.in

Consultation times: 2 to 4PM

Course Lecturer(1 to 15 weeks)

Full name: Mrs Nirali Dave

Department with siting location: 4th Floor, Bhanwar Building.

Email: niralidave.mba@indusuni.ac.in

Consultation times: 2 to 4 PM

Students will be contacted throughout the Session via Mail with important information relating to this Course.

Course Objectives

- The objective of this course is to inform the students about the basic concepts of financial management and contemporary theory and policy in order to master the concepts, theories and technique of financial management, what represents the condition of profitable business operations and survival respectively development of business subjects and the economy as a whole.
- Students should acquire the basic knowledge by means of combining theoretical cognitions and practical attitudes to enable them the understanding of financial problems in business practice after completed the studies.
- The purpose of the course is to offer the students relevant, systematic, efficient and actual knowledge of financial management that can be applied in practice with making financial decisions and resolving financial problems.

Course Outcomes (CO)

CO1 To provide introduction to Financial Management. Time value of money, Risk and Return (Capital Asset Pricing Model), Valuation of securities shares and bonds.

CO2 To Make them understand different methods of investment decision .

CO3 To make them understand the cost of capital in wide aspects

CO4 To provide knowledge about dividend policies and various dividend models.

CO5 To enable them to understand working capital management

CO6 To make them understand working capital management in inventory, cash receivables, sources of short term and long term finances.

Subject Fundamental of Financial Management B.Com V 2021

Course Outline

UNIT -I

[15]

Introduction

Nature, scope and objective of Financial Management, Time value of money, Risk and return (including Capital Asset Pricing Model), Valuation of securities – Bonds and Equities

Investment Decisions

The Capital Budgeting Process, Cash flow Estimation, Payback Period Method, Accounting Rate of Return, Net Present Value (NPV), Net Terminal Value, Internal Rate of Return (IRR), Profitability Index, Capital budgeting under Risk – Certainty Equivalent Approach and Risk- Adjusted Discount Rate.

UNIT – II

[15]

Financing Decisions

Cost of Capital and Financing Decision: Sources of long-term financing Estimation of components of cost of capital. Methods for Calculating cost of equity capital, Cost of Retained Earnings, Cost of Debt and Cost of Preference Capital, Weighted Average cost of capital (WACC) and Marginal cost of capital. Capital structure –Theories of Capital Structure (Net Income, Net Operating Income, MM Hypothesis, Traditional Approach). Operating and financial leverage; Determinants of capital structure

UNIT-III

[15]

Dividend Decisions

Theories for Relevance and irrelevance of dividend decision for corporate valuation; Cash and stock dividends; Dividend policies in practice

UNIT-IV

[15]

Working Capital Decisions

Concepts of working capital, the risk-return trade off, sources of short-term finance, working capital estimation, cash management, receivables management, inventory management and payables management.

Method of delivery

Lectures, and Presentations

Study time

Six hours per week

CO-PO Mapping (PO: Program Outcomes)

	PO1	PO2	PO3	PO4	PO5	PO6
CO 1	3	-	2	-	3	3
CO 2	3	-	2	3	3	2
CO 3	3	3	2	3	2	3
CO 4	1	-	2	1	2	1
CO 5	3	2	-	3	-	-
CO6	3	2	-	3	-	-

Blooms Taxonomy and Knowledge retention (For reference)
 (Blooms taxonomy has been given for reference)

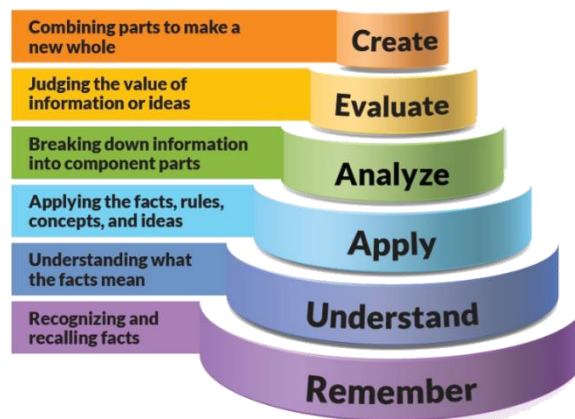


Figure 1: Blooms Taxonomy

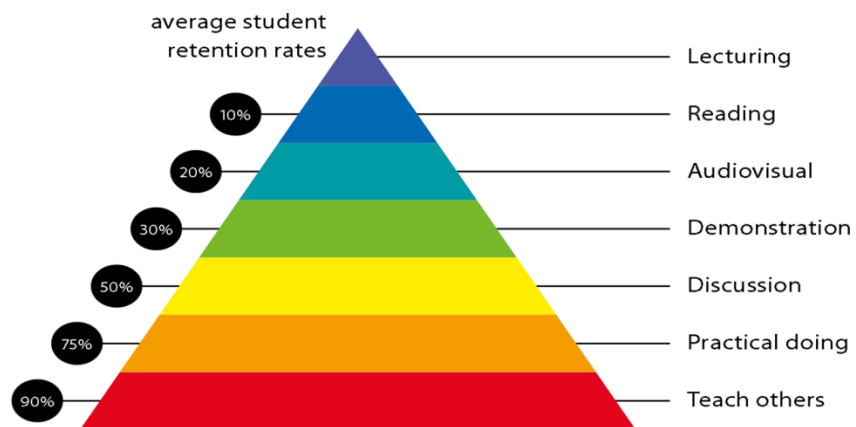


Figure 2: Knowledge retention

Graduate Qualities and Capabilities covered

(Qualities graduates harness crediting this Course)

General Graduate Qualities	Specific Department of Management Graduate Capabilities
Informed Disciplinary Knowledge	1 Professional knowledge, grounding & awareness
Independent learners Solution to the problem's adjustments	2 Information literacy, gathering & processing
Problem solvers Thinking • critical • creative • practical	4 Problem solving skills
Effective communicators Develop the ability to reflect on issues on hand. Through active participation enhance the skills to communicate verbally and in writing and develop practices expected of today's professionals.	5 Written communication
	6 Oral communication
	7 Teamwork
Responsible Learning • capacity for life-long learning • flexibility • adaptability	10 Sustainability, societal & environmental impact

Practical work:

Understand Derivatives followed by Indian Stock Market by assignment/visit.

Lecture/tutorial times:

Lecture	Monday	3.10 - 4.10pm	Room B404
Lecture	Tuesday	9.00- 10.00am	Room B404
Lecture	Tuesday	1.00- 2.00pm	Room B404
Lecture	Wednesday	3.10 - 4.10pm	Room B404
Lecture	Thursday	9.00- 10.00 am	Room B404
Lecture	Friday	1.00- 2.00pm	Room B404

Attendance Requirements

The University norms states that it is the responsibility of students to attend all lectures, tutorials, seminars and practical work as stipulated in the Course outline. Minimum attendance requirement as per university norms is compulsory for being eligible for mid and end semester examinations.

Details of referencing system to be used in written work

Assignment

Case Study

Text books

- Khan and Jain. Basic Financial Management, McGraw Hill Education
- Prasanna Chandra, Fundamentals of Financial Management. McGraw Hill Education
- Pandey, I.M. Financial Management. Vikas Publications.

Reference Books:

- Singh, Surender and Kaur, Rajeev. Fundamentals of Financial Management. Mayur Paperback, New Delhi.
- Levy H. and M. Sarnat . Principles of Financial Management. Pearson Education
- James C. Van Horne and Sanjay Dhamija, Financial Management and Policy, Pearson Education
- Brigham and Houston, Fundamentals of Financial Management, Cengage Learning
- Singh, J.K. Financial Management- text and Problems. Dhanpat Rai and Company, Delhi.
- Rustagi, R.P. Fundamentals of Financial Management. Taxmann Publication Pvt. Ltd.
- Bhabatosh Banerjee, Fundamentals of Financial Management, PHI Learning

ASSESSMENT GUIDELINES

Your final course mark will be calculated from the following:

Assignment 1	15 % (week 2)	Objectives (1-2)
Attendance	5%	
CIE	40%	Objectives (1-2)
Final exam (closed book)	40%	Objectives (1-2)

SUPPLEMENTARY ASSESSMENT

Students who receive an overall mark less than 40% in Internal or end semester will be considered for supplementary assessment in the respective components (i.e Internal or end semester) of semester concerned. Students must make themselves available during the supplementary examination period to take up the respective components (mid semester or end semester) and need to obtain the required minimum 40% marks to clear the concerned components.

Practical Work Report/Laboratory Report:

A report on the practical work is due the subsequent week after completion of the class by each group.

Late Work

Late assignments will not be accepted without supporting documentation. Late submission of the reports will result in a deduction of -% of the maximum mark per calendar day

Format

All assignments must be presented in a neat, legible format with all information sources correctly referenced. **Assignment material handed in throughout the session that is not neat and legible will not be marked and will be returned to the student.**

Retention of Written Work

Written assessment work will be retained by the Course coordinator/lecturer for two weeks after marking to be collected by the students.

University and Faculty Policies

Students should make themselves aware of the University and/or Faculty Policies regarding plagiarism, special consideration, supplementary examinations and other educational issues and student matters.

Plagiarism - Plagiarism is not acceptable and may result in the imposition of severe penalties. Plagiarism is the use of another person's work, or idea, as if it is his or her own - if you have any doubts at all on what constitutes plagiarism, please consult your Course coordinator or lecturer. Plagiarism will be penalized severely.

Do not copy the work of other students.

Do not share your work with other students (except where required for a group activity or assessment)

Course schedule(subject to change)

Week #	Topic & contents	CO Addressed	Teaching Learning Activity (TLA)
Week 1	Introduction Nature, scope and objective of Financial Management, Time value of money, Risk and return (including Capital Asset Pricing Model),	CO1	Lecture and Presentation
Weeks2	Valuation of securities – Bonds and Equities	CO1	Lecture and Presentation
Week 3	Investment Decisions The Capital Budgeting Process, Cash flow Estimation, Payback Period Method, Accounting Rate of Return,	CO2	
Week 4	Net Present Value (NPV), Net Terminal Value, Internal Rate of Return (IRR), Profitability Index, Capital budgeting under Risk – Certainty Equivalent Approach and Risk- Adjusted Discount Rate.	CO2	Lecture and Presentation
Week 5	Cost of Capital and Financing Decision: Sources of long-term financing Estimation of components of cost of capital. Methods for Calculating cost of equity capital, Cost of Retained Earnings,	CO3	Lecture and Presentation
Week 6	Cost of Debt and Cost of Preference Capital, Weighted Average cost of capital (WACC) and Marginal cost of capital. Capital structure –Theories of Capital Structure (Net Income, Net Operating Income, MM Hypothesis, Traditional Approach). Operating and financial leverage; Determinants of capital structure	CO4	Lecture and Presentation
Week 7	Theories for Relevance and irrelevance of dividend decision for corporate valuation;	CO4	Lecture and Presentation
Week8	Cash and stock dividends; Dividend policies in practice	Co5	
Week 9	Working Capital Decisions Concepts of working capital, the risk-return trade off, sources of short-term finance.	CO5	Lecture and Presentation
Week 10	Revision	CO1,2	Lecture and Presentation

Week 11	Mid Sem Exam		Lecture and Presentation
Week 12	working capital estimation, cash management, receivables management, Revision	CO6	Lecture and Presentation
Week 13	working capital estimation, cash management, receivables management,	CO6	
Week 14	inventory management and payables management.	CO6	
Week 15	Revision	CO5,6	