

FINANCIAL MANAGEMENT PRINCIPLES

Objectives

- *To introduce the subject of financial management*
- *To acquaint the student with various methods and techniques of financial management.*

MODULE-1 Financial management-meaning-goals and objectives-Functions of a financial manager-financial decision making-financial planning-concept and relevance of time value of money-compounding technique-discounting technique.

(15 Hrs)

MODULE-2 cost of capital-concepts-importance-computation-cost of debt-cost of preference capital-cost of equity- cost of retained earnings-weighted average cost of capital-book value and market value weights-marginal cost of capital

(15 Hrs)

MODULE-3 financing decision and capital structure-finance structure-pattern of capital structure-concept of balanced capital structure-determinants of capital structure-optimum capital structure-theories of capital structure-net income approach-net operating income approach-traditional approach-MM approach.

(20 Hrs)

MODULE-4 Long term investment decisions-capital budgeting-nature features and significance of capital budgeting-traditional methods-payback period-ARR-Discounted cash flow methods-Bailout pay back period-NPV-

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IRR-Profitability index-Risk analysis in capital budgeting- techniques of risk analysis.

(25 Hrs)

MODULE-5 Leverage analysis-concept-meaning and measurement of financial leverage. Operating leverage-Financial risk and operating risk-EBIT-EPS-Indifference point.

(15 Hrs)