



Bharati College
(University of Delhi)
Janak Puri, Delhi- 100058
www.bharaticollege.du.ac.in

Lesson Plan (DSE, Semester V, July to November 2022)

Name of Teacher	Dr. Sonia Kaushik	Department	Commerce
Course	B.COM	Semester	V (August-December)
Paper	Paper BC 5.2 (a): FUNDAMENTALS OF FINANCIAL MANAGEMENT	Academic Year	2022-23

Learning Objectives

To familiarize the students with the basic principles and practices of financial management.

Learning Outcomes

After completing the course, the student shall be able to:

CO1 – explain the nature, scope and objective of financial management, along with Time Value of Money, Risk & Return.

CO2 – analyze Capital Budgeting Process and Techniques including NPV, IRR and Profitability Index.

CO3 – examine various Capital structure theories and estimating cost of capital.

CO4 – critically examine basic Theories and policies of Dividend.

CO5 – estimate working capital along with an overview of cash receivables and inventory management.

Lesson Plan

Week No.	Theme/Curriculum	Any Additional Information (Learning outcome)
Week 1 & 2	Finance function- Nature, scope and objectives of Financial Management (profit maximization Vs Wealth maximization), Agency problem, Time value of money, concept of risk & return in finance	*Understanding the importance of Financial management and its functions. *Getting familiarized with the goals of Financial Management *Appreciating the interdependence of different areas of Financial Decisions *Understanding the concept of Time

		value of money and its applications.
Week 3-6	<p>Unit II: Capital Budgeting</p> <p>The capital budgeting process, Cash Flow Estimation, Payback Period (PB) method, Discounted Payback Period method, Accounting Rate of Return (ARR), Net Present Value (NPV), Net Terminal Value, Internal rate of return (IRR), Profitability index</p>	<p>*Understanding the importance of Capital Budgeting decision.</p> <p>*Learning the estimation of Cash-flows.</p> <p>*Learning to compute different techniques of Capital Budgeting like PB,ARR,NPV,IRR</p> <p>* Appreciating the difference between NPV & IRR</p>
Week 7-9	<p>UNIT 3: Cost of Capital and Financing Decision</p> <p>Sources of long-term financing, Estimation of components of Cost of Capital, Methods for calculating Cost of Equity, 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 (NI), Net Operating Income (NOI), MM Hypothesis, Traditional approach). Operating and Financial leverage. Determinants of capital structure</p>	<p>*Understanding the interdependence of Financing Decision & Capital Budgeting decision.</p> <p>*Learning to compute different Components of Cost of Capital like Debt, Preference &Equity</p> <p>*Learning the estimation of WACC.</p> <p>* Appreciating the difference between Book value weights & Market value weights</p> <p>*Understanding different theories of Capital Structure</p> <p>*Learning to evaluate Operating and Financial Leverage</p> <p>*Understanding the determinants of capital structure</p>
Week 10 & 11	<p>UNIT 4: Dividend Decision</p> <p>Theories for relevance and irrelevance of dividend decision for corporate valuation- Walter's model, Gordon's model, MM theory, Cash and Stock dividend. Dividend policies in practice and determinants of dividend.</p>	<p>*Understanding the dividend theories of relevance and irrelevance for corporate valuation- *Applying Walter's model, Gordon's model, & MM theory for valuation of firm</p> <p>*Appreciating the difference between Cash and Stock dividend. *Understanding Dividend policies in practice and determinants of dividend.</p>
Week 12 & 13	<p>UNIT 5: Working Capital Decision</p> <p>Concept of working capital, Operating & Cash cycles, Risk-Return trade-off, Sources of short-term finance, Working Capital Estimation, Cash Management, Receivables Management, Inventory management</p>	<p>*Understanding the concept of working capital</p> <p>*Measuring Operating & Cash cycles</p> <p>*Determining the role of Risk-Return trade-off in Working capital management</p> <p>*Learning to calculate Gross &Net Working Capital</p> <p>*Understanding the managements of different components of WC like Cash Management, Receivables Management &Inventory management</p>

Suggested Readings:

1. Khan, M.Y. and Jain, P.K. *Financial Management: Text and Problems*. Tata McGraw Hill.
2. Horne, Van, James, C., and John, Wachowicz. *Fundamentals of Financial Management*. Pearson Education.
3. Ross, Stephen A., Westerfield, Randolph, and Jaffrey, Jaffe. *Corporate Finance*. Tata McGraw Hill.
4. Singh, J.K. *Financial Management-text and problems*. Dhanpat Rai and Company, Delhi
5. Singh, Surender and Kaur, Rajeev. *Fundamentals of Financial Management*. Mayur Paperback, Delhi.
6. Rustagi, R.P., *Financial Management*. Galgotia Publishing Company, Delhi.
7. Pandey, I. M., *Financial Management*. Vikas Publications.
8. Chandra, P., *Financial Management-Theory and Practice*. Tata McGraw Hill.

Online Resources (If Any)**Assignment and Class Test Schedule for Semester**

Link the assignment and Test (optional)

