Bharati College

**(University of Delhi)**

Janak Puri, Delhi- 100058

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Lesson Plan (CORE, Semester I, July to November2022)

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| **Name of Teacher** | Dr. Rajni | | **Department** | | \_Commerce\_\_\_\_\_ |
| **Course** | B.Com (H) | | **Semester** | | V |
| **Paper** | Fundamental of Financial Management | | **Academic Year** | | 2022-23 |
| **Learning Objectives** | | | | | |
| To familiarize the students with the principles of financial management. To give an insight into Capital Budgeting, financing, working capital and dividend decision making. | | | | | |
| **Learning Outcomes** | | | | | |
| \*Understanding the importance of financial management, its functions and goals.  \*Appreciating the interdependence of different areas of Financial Decisions  \*Understanding the concept of Time value of money and its applications  \*Understanding the importance of Capital Budgeting decision, estimation of cash flows.  \*Learning to compute different techniques of Capital Budgeting like PB,ARR,NPV,IRR  \*Learning to compute different Components of Cost of Capital like Debt, Preference &Equity and WACC.  \*Understanding different theories of Capital Structure  \*Understanding the dividend theories of relevance and irrelevance for corporate valuation-  \*Understanding the concept of working capital and its estimation  \*Understanding the managements of different components of WC like Cash Management, Receivables Management &Inventory management. | | | | | |
| **Lesson Plan** | | | | | |
| **Week No.** | | **Theme/Curriculum** | | **Any Additional Information** | |
| Week 1  Week-2-3 | | Unit 1   * 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 | |  | |
| Week 4-6 | | Unit-2   * 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, Capital budgeting under risk-Uncertainty equivalent approach and Risk-Adjusted Discount Rate. | |  | |
| Week 7  Week 8-9  Weel 10 | | Unit 3   * 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 | | \*Assignment from Unit 1 and Unit 2 | |
| Week 11-13 | | Unit-4   * 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. | |  | |
| Week 13-14  Week 15 | | Unit-5   * 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 | | \*Class test from Unit 3 | |
| **References** References  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.   **Additional Resources**   1. Singh, J.K. *Financial Management-text and problems*. Dhanpat Rai and Company, Delhi 2. Singh, Surender and Kaur, Rajeev. *Fundamentals of Financial Management*. Mayur Paperback, Delhi. 3. Rustagi, R.P., *Financial Management*. Galgotia Publishing Company, Delhi. 4. Pandey, I. M., *Financial Management.* Vikas Publications. 5. 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) | | | |