Bharati College

**(University of Delhi)**

Janak Puri, Delhi- 100058

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Lesson Plan (CORE, Semester IV, July to November2023)

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| **Name of Teacher** | Dr. Sakshi Mittal | | **Department** | | Commerce |
| **Course** | B.Com.(Prog.) | | **Semester** | | V |
| **Paper** | Financial Management | | **Academic Year** | | 2023-24 |
| **Learning Objectives** | | | | | |
| To familiarize the students with the principles and practices of financial management. To give an insight into capital budgeting, financing, working capital management and dividend decision making. | | | | | |
| **Learning Outcomes** | | | | | |
| **On successful completion of this course, the student will be able to:**   1. Understand the concept of Time value of money and its applications. 2. Understand the importance of Capital Budgeting decision, learn the estimation of cash flows and compute different techniques of capital budgeting decision -PB, ARR, NPV & IRR. 3. Appreciate the difference between NPV and IRR. 4. Understand the interdependence of Financing Decision & Capital Budgeting decision.   **5.** Learn to compute different Components of Cost of Capital like Debt, Preference &Equity and the estimation of WACC.  **6.** Appreciate the difference between Book value weights & Market value weights.  **7**. Understand different theories of Capital Structure and the determinants of capital structure.  **8.** Understand the dividend theories of relevance and irrelevance for corporate valuation.  **9.** Understand the concept of working capital and learn to calculate Gross &Net Working Capital.  **10.** Understand the management of different components of WC like cash management, receivable management and inventory management. | | | | | |
| **Lesson Plan** | | | | | |
| **Week No.** | | **Theme/Curriculum** | | **Any Additional Information** | |
| Week 1 | | UNIT 1: Introduction of Financial Management    Time value of money, concept of risk & return in finance | | Evaluation through Assignment | |
| Week 2,3, & 4 | | UNIT 2: Capital Budgeting  Cash Flow Estimation, The capital budgeting process, 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), Profitabilityindex, Capital budgeting under risk-Uncertaintyequivalent approach and Risk-Adjusted Discount Rate. | | Evaluation through test and assignment | |
| Week 5,6,7 &8 | | UNIT 3: Cost of Capital and Financing Decision  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 | | Evaluation through test & Assignment as well as class discussion | |
| Week 9 &10 | | UNIT 4: Dividend Decision  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. | | Evaluation through Assignment & Class Presentation. | |
| Week 11& 12 | | UNIT 5: Working Capital Decisions  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 | | Evaluation through test | |
| Week 13 | | UNIT 1: Introduction of Financial Management  Finance function- Nature, scope and objectives of Financial Management (profit maximization Vs Wealth maximization), Agency problem | | Evaluation through Assignment | |
| **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. 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. 9. Gupta,Poonam; *Fundamentals of Financial Management*. JSR Publishing House,Delhi. 10. Srivastava,Rajiv; and Mishra,Anil, *Financial Management,* Oxford University Press, UK   **Additional Resources**  1. | | | | | |
| **Online Resources (If Any)** | |  | | | |
| **Assignment and Class Test Schedule for Semester** | |  | | | |