

## MCOM- SEMESTER- II

### SUBJECT: FINANCIAL MANAGEMENT AND POLICY

TOTAL MARKS=100

EXTERNAL MARKS=80

INTERNAL MARKS=20

#### UNIT -I

TOPICS	TEACHING POINTS	OBJECTIVES	METHODS	RESOURCES & LINKS
-Financial management -Time value of money - Sources of long term finance - Financial Forecasting,	- Scope, finance functions and its organization, objectives of financial management; -Sales Forecast Preparation of Performa Income Statement and Balance Sheet Growth and External Funds Requirement (EFR).	-To help the students to Learn about the management of finance by functions.	-Lecture discussion method with examples.	Financial management by I.M. Pandey.  -Internet: <a href="https://www.google.com">https://www.google.com</a>

#### UNIT-II

TOPICS	TEACHING POINTS	OBJECTIVES	METHODS	RESOURCES & LINKS
-Investment decisions  -Weighted average cost of capital.	-Importance, difficulties, determining cash flows, methods of capital budgeting; risk -analysis (risk adjusted discount rate methods and certainly equivalent methods) cost of different sources of raising capital;	-The objective of the course is to acquaint the students with the basic analytical techniques and methods of financial management of business firms.	-Classroom teaching with examples.	Financial management by I.M. Pandey.  Khan M.Y. and Jain P.K. Financial Management, Tata McGraw Hill, New Delhi  -Internet: <a href="https://www.investopedia.com">https://www.investopedia.com</a>

### UNIT-III

TOPICS	TEACHING POINTS	OBJECTIVES	METHODS	RESOURCES & LINKS
Capital Structure decisions - Leverage:	-Measuring and analyzing the implications of Leverage Operating Leverage, Financial Leverage and Total Leverage; capital structure theories - NI, NOI, traditional and M-M theories; Capital Structure Policy: Business & Financial Risk, A Total Risk Perspective Business & Financial Risk, A Market Risk Perspective Determinants of Capital Structure.	The objective of the course is to provide students the exposure to Certain sophisticated and analytical techniques that are used for taking financial policy decisions.	Debate discussion and Lecture discussion method.	Financial management by I.M. Pandey. Khan M.Y. and Jain P.K. Financial Management, Tata McGraw Hill, New Delhi  -Internet: <a href="http://www.yourarticlelibrary.com">www.yourarticlelibrary.com</a>

### UNIT-IV

TOPICS	TEACHING POINTS	OBJECTIVES	METHODS	RESOURCES & LINKS
-Determinants of dividend models  - Working Capital management of cash; inventory & receivable	-Walter, Gordon & M.M. models.  - Meaning, need, determinants; estimation of working capital	-To help the students to know about various models of dividend.	-Group discussion and lecture discussion method.	Financial management by I.M. Pandey. Financial management and Policy by kalyani publishers.  -Internet: <a href="http://www.businessmanagementideas.com">www.businessmanagementideas.com</a>

## QUESTION BANK

1. "Finance function is concerned with allocating funds to specific assets and obtaining the best mix of financing in relation to the overall valuation of firm." Discuss.
2. As a financial manager of a newly started joint stock company of a large size, what various sources would you do to raise funds required for its smooth running? Explain.
3. What is Capital Budgeting? Explain the various methods of Capital Budgeting.
4. X.ltd. issues 50,000 8% Debentures of Rs.10 each at a premium of 10%. The cost of floatation are 2%. The rate of tax applicable to the company is 60%. Compute the cost of debt capital.
5. Using imaginary figures show how to determine the value of firm under (a) The net income approach (NI) and ( b) the net operating income approach (NOI) Approach.
6. Explain the meaning of the term capital structure and also mention the factors affecting capital structure.
7. Discuss the relation between debt financing and financial leverage.
8. Explain the relevance concept of dividend or the theory of relevance.
9. The Apex Company which earns Rs.5 per share, is capitalized at 10% and has a return on investment of 12%. Using Walter's model, determine: i) the optimum pay-out and ii) the price of share at this pay-out.
10. What do you understand by working capital? Discuss the various sources of working capital funds.

**SUBMITTED BY:**

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