



PARVATHANENI BRAHMAYYA
SIDDHARTHA COLLEGE OF ARTS & Science
Autonomous
Siddhartha Nagar, Vijayawada – 520010.
Re-accredited at 'A+' by the NAAC

23FIMAL122: Elementals of Financial Management

Offered to : B.Com Honours (Finance)

Year of Introduction: 2023-24

Major 4

Semester : II

75 Hours

Credits : 4

Course Objective:

After completion of the course, Students can be able to:

CO1: Understand the basic concepts of financial management and its relationship with other disciplines

CO2: Illustrate various tools of financial planning.

CO3: Assess the concept of time value of money

CO4: Develop an idea about multiple sources of finance.

CO5: Understand the computation of cost of capital.

CO-PO MATRRIX								
	CO-PO	PO1	PO2	PO3	PO4	PO5	PO6	PO7
23COMAL123	CO1					2	3	
	CO2						2	3
	CO3					2	3	
	CO4					3	2	
	CO5					2	3	

Unit – I: Scope and Objective of Financial Management

12 Hours

Meaning and Definition of Financial Management- Evolution of Financial Management-Nature, scope and importance of Financial Management - Goals/Objectives of Financial Management-Conflicts in Profit maximization and Wealth maximization.-Role and functions of Financial Manager -Relationship of Financial Management with related disciplines

Unit – II: Financial Planning

12Hours

Meaning and Definition of Financial plan - Objectives of Financial plan - Characteristics of a sound financial plan - Process of financial plan – Long term and Short term financial plans -Factors effecting financial plan - Limitations.

Unit – III Time Value of Money

15 Hours

Concept of time value of money- Reasons why money in the future is worth less-than similar money today-Simple interest, compound interest and Effective rate of interest- Present value, Future value-Annuity, Sinking fund- Determination of doubling period.

Unit – IV: Sources of Finance

12 Hours

Long-term Sources of Finance- Equity Capital, Preference share capital, Retained Earnings, Debentures or Bonds, Loans from Financial Institutions, Loans from Commercial Bank-Short term Sources of Finance.

Unit – V:Cost of Capital:

24 Hours

Measurement of Cost of Capital- Cost of Debt, Cost of Preference Shares, Cost of Equity, Cost of Retained Earnings -Weighted-Average Cost of Capital.

Text Books:

1. Fundamentals of Financial Management, I.M. Pandey Pearson 2015 15th edition
2. Khan M.Y. and Jain P.K.: Financial Management, Text and Problems, Tata McGraw Hill, New Delhi.
3. Financial Management C.B. Gupta Sultan Chand Publishers 2018 edition

References:

1. Prasanna Chandra: Financial Management Theory and Practice, Tata McGraw Hill, New Delhi
2. Financial Management (Text and Cases) Deepak Tekwani, Jay Talati, R.G. Saha, Himalaya Publishing House

Structure of the I & II IA TEST Question Paper (30Marks)

Section A: Set 2 questions with internal choice one from (I & II units). Each question Carries 5 marks.

Section B: Set 2 questions with internal choice one from (III & IV units). Each question Carries 10 marks.

Structure of the SEE Question Paper (70 Marks)

Section A: Set 5 questions with internal choice one from each unit. Each question Carries 4 marks.

Section B: Set 5 questions with internal choice one from each unit. Each question Carries 10 marks.



Section A

Answer the following:

5x4M =20 Marks

- 1.(a) What is financial management? State its objectives. (CO1, L1)
Or
(b) Explain the importance of financial management. (CO1, L1)
2. (a) What are the objectives of financial plan? (CO2, L1)
OR
(b) Explain need for short term plans. (CO2, L1)
- 3.(a) Explain the concept of time value of money. (CO3,L2)
OR
(b) Explain the concept of simple and compound interest. (CO3, L2)
4. (a) What are the short-term sources of finance? (CO4,L1)
OR
(d) What do you mean by equity share capital and preference share capital? (CO4, L1)
5. (a) Explain the concept of cost of capital. (CO5, L2)
OR
(b) Explain the meaning average cost of capital (CO5, L2)

Section B

Answer the following Questions:

5x10M = 50 Marks

6. (a)) Define financial management. Explain the relationship with other areas of management. (CO1, L2)
OR
(b) Explain the role and functions of finance manager. (CO1, L2)
 7. (a) Define financial plan. Describe the characteristics of sound financial plan. (CO2, L2)
OR
(b) What is long term financial plan? Discuss the factors affecting financial plan. (CO2, L2)
 8. (a) If you deposit Rs 55,650 in a bank which pays 12% interest per annum on a 10 years deposit. How much would the deposit grow at the end of 10 years? (CO3, L3)
OR
(b) Find out the present value of Rs 50,000 to be received after 5 years with the rate of interest 8%. (CO3, L3)
 9. (a) Explain the various sources of long-term finance. (CO4, L2)
OR
(b) “Commercial banks provide only short-term finance”. Explain (CO4,L2)
 10. (a) Define cost of capital. How will you determine the cost of capital from different sources? (CO5, L2)
OR
(b) A firm has the following capital structure and after-tax cost for the different sources of funds used:
- | Source of funds | Amount (Rs.) | Proportion (%) | After tax cost (%) |
|--------------------|--------------|----------------|--------------------|
| Debt | 15,00,000 | 25 | 5 |
| Preference capital | 12,00,000 | 20 | 10 |
| Equity Capital | 18,00,000 | 30 | 12 |
| Retained Earnings | 15,00,000 | 25 | 11 |
| Total | 60,00,000 | 100 | |
- You are required to compute the weighted average cost of capital. (CO5,L3)