



# ANDHRA UNIVERSITY

## TRANS-DISCIPLINARY RESEARCH HUB

### FINANCIAL MANAGEMENT

**Unit- I:** Nature , Scope and Objectives of Financial Management, Goals of FM-Profit Maximization Vs Wealth Maximization – Finance Functions – Financial Planning and Forecasting - Role of Financial Manager – Funds Flow Analysis – Cash Flow Analysis.-Ratio Analysis

**Unit-II:** Financing Decision: Financial Leverage – EPS-EBIT Analysis –Cost of Capital – Weighted Average Cost Capital – Capital Structure – Factors Affecting Capital Structure Theories of Capital Structure.

**Unit – III:** Investment Decision: Nature and Significance of Investment Decision- Estimation of Cash Flows – Capital Budgeting Process – Techniques of Investment Appraisal: Pay Back Period; Accounting Rate of Return, Time Value of Money- DCF Techniques –Net Present Value, Profitability Index and Internal Rate of Return.

**Unit-IV:** Dividend Decision: Meaning and Significance – Theories of Dividend – Determinants of Dividend – Dividend policy – Bonus Shares – Stock Splits.

**Unit – V:** Working Capital Decision: Meaning – Classification and Significance of Working Capital – Component of Working Capital - Cash Management Models – Cash Budgeting – Accounts Receivables – Credit Policies – Inventory Management.(Case Study is compulsory in all Units)

#### References:

- MY Khan and PK Jain: Financial Management--Text and Problems, TMH. 2009.
  - Collin Barrow: Practical Financial Management, Kogan Page,2009
  - Srivastava: Financial Management and policy, Himalaya, 2009
  - S.N.Maheswari: Financial Management, Vikas, 2007.
  - John Tennes: Guide to Financial Management, Viva,2009
  - James C. Van Horne: Financial Management and Policy, Pearson, 2006
  - Chandra Bose D: Fundamentals of Financial Management, PHI-2006
  - Vishwanath: Corporate Finance,2/e, Sage, 2007.
  - I. M. Pandey: Financial Management, 9/e Vikas, 2007
  - Rajiv Srivastav & Anil Mishra: Financial Management, Oxford, 2008.
  - Chakraborty, Bhattacharya, Rao and Sen : Financial Management and control. MacMillan, 2007.
- Michael C Ehrhardt Eugene F. Brigham: Corporate Finance, A Focused Approach Cengage, 2006.
- Richard A Brealey, Stewart C Myers, Franklin Allen, Pitabas Mohanty: Principles of Corporate Finance. 8th edition, TMH, 2007.
  - Besley and Brigham: Essentials of Managerial Finance, 13/e Cengage, 2006



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## MODEL QUESTION PAPER

Time: 3 hours

Max marks: 100

Answer any five of the following Questions:

(5 x 20 = 100)

1. Define Financial Management and explain the nature, scope, objectives and significance of financial management.
2. Explain the Various financial decisions with examples in detail. Also the concept of leverage
3. Explain various capital Budgeting Techniques in a detailed manner with formulae
4. Explain various theories of dividend in detail.
5. Explain the EBIT EPS analysis in an illustrative manner
6. What is Working capital? And explain various Components of the Working capital management.
7. What is cash flow statement? Write both formats of preparation of cash flow statement 1)Direct  
2) Indirect methods
8. Explain various capital structure Theories in a detailed manner.