

CONTENTS

	PAGE
DEDICATION	1-5
FOREWORD	1-7
PREFACE	1-9
ACKNOWLEDGEMENTS	1-11
HOW TO MAKE THE BEST OF THIS BOOK	<i>I-13</i>
FIVE CORE PRINCIPLES OF FINANCE	<i>I-15</i>
CHAPTER-HEADS	I-17

PART 1

FOUNDATIONS FOR CORPORATE FINANCE

SECTION 1

Basics of Corporate Finance and Financial Modelling

CHAPTER 1 CORPORATE FINANCE - AN OVERVIEW	
♦ Financial System at a Glance	5
◆ Financial Institutions	7
◆ Financial Instruments	19
◆ Financial Markets	26
CHAPTER 2 TIME VALUE OF MONEY	
◆ Introduction	43
◆ Relevance of Time Value of Money	43
◆ Inflation	45
◆ Interest Rate	46
◆ Discounting	52
◆ Annuity	54
Financial Model - Loan Amortization Model	76

	PAGE
CHAPTER 3 FINANCIAL STATEMENT ANALYSIS	
◆ Introduction	77
◆ Purpose	77
♦ Financial Statements	78
 Financial Statement Analysis – Tools & Techniques 	80
 Definition and Uses of Ratios 	82
◆ Types of Ratios	82
Financial Model - Financial Analysis Model	118
CHAPTER 4 RISK & RETURN ANALYSIS	
◆ Introduction	119
Financial Model - Risk and Return Model	147

PART 2

LONG-TERM DECISIONS IN FINANCIAL MANAGEMENT

SECTION 2

Financing Decision - Capital Structure Analysis

CHAPTER 5	SOURCES OF LONG-TERM CAPITAL	
◆ Equity Ca	pital	154
◆ Preference	e Capital	163
CHAPTER 6	COST OF CAPITAL & CAPITAL STRUCTURE THEORIES	
◆ Introducti	ion	189
◆ Factors A	ffecting Costs	190
◆ Costs of V	Various Sources of Finance	195
♦ Weighted	Average Cost of Capital (WACC)	205
♦ Weighted	Marginal Cost of Capital Schedule	208
♦ Introducti	ion	211
♦ Important	ce of the Capital Structure Decision	212
♦ Factors A	ffecting the Capital Structure	213
◆ Capital St	ructure Theories	214
Financial Mo	odel - WACC Model	240

CONTENTS	I-21
	PAGE
CHAPTER 7 OPERATING & FINANCIAL LEVERAGE	
◆ Introduction to Leverage	241
Financial Model - Leverage Model	266
SECTION 3	
Investment Decision - Capital Budgeting Techniques	
CHAPTER 8 CASH FLOW ESTIMATION AND RISK EVALUATION	
◆ Importance of Cash Flow Estimation	269
◆ Types of Cash flows	270
 Critical comparison between FCFE and FCFF 	274
 Computation of FCFF and FCFE 	274
 Valuation with Cash Flows 	278
♦ Exposure and Risk	284
 How to Create a Risk Evaluation Matrix 	293
 Application of Risk Assessment in Valuation 	294
CHAPTER 9 CAPITAL BUDGETING - TOOLS & TECHNIQUES	
◆ Introduction	309
 Identification of Potential Investment Opportunities 	310
 Principles defining Costs and Benefits 	315
♦ Appraisal Criteria	319
Financial Model - Capital Budgeting Model	350
PART 3	
SHORT-TERM DECISIONS IN FINANCIAL MANAGEMENT	
SECTION 4	
Working Capital Management	
CHAPTER 10 FUNDAMENTALS OF WORKING CAPITAL MANAGEMENT	
◆ Introduction	355

•	Introduction	000
٠	Current Assets	356
٠	Current Liabilities	363
٠	Purpose of Working Capital Management	368
٠	Dimensions of Working Capital	369

	PAGE
 Factors Affecting the Composition of Working Capital 	370
 Calculation of Working Capital 	371
 Application of the Operating Cycle 	380
Financial Model - Working Capital Model	406
CHAPTER 11 RECEIVABLE MANAGEMENT	
◆ Introduction	407
◆ Credit Policy	408
◆ Credit Appraisal	417
 Receivables Monitoring & Management 	421
CHAPTER 12 INVENTORY MANAGEMENT	
◆ Introduction	439
 Advantages of Maintaining Inventory 	440
 Costs Associated with Inventories 	441
 Techniques for Inventory Management 	442
 Inventory Valuation Techniques 	457
◆ Introduction	460
Financial Model - Inventory Management Model	478
CHAPTER 13 CASH MANAGEMENT	
◆ Introduction	479
 Cash Management Tools 	482
◆ Baumol Model	489
 Miller & ORR Model 	491
Financial Model - Cash Management Model	507
PART 4	
STRATEGIC DECISIONS IN CORPORATE FINAN	NCE

SECTION 5

Strategic Corporate Decisions

CHAPTER 14 FUNDAMENTALS OF DIVIDEND DECISIONS	
Introduction	513
Financial Model - Corporate Action Model	555
CHAPTER 15 MERGERS & ACQUISITION	
◆ Introduction	557

I-22

CHAPTER 16 VALUATION OF SECURITIES

Introduction

PART 5

NEW DEVELOPMENTS

SECTION 6

New Developments in Financial Management

CHAPTER 17 NEW DEVELOPMENTS IN CORPORATE FINANCE

- ♦ Introduction
- Mathematical Tables

Scan the QR Code to download the Financial Models



I-23

PAGE

579

627

645