

LESSON PLAN

CLASS – XII
PERIODS REQUIRED - 20

TOPIC – FINANCIAL MANAGEMENT

GIST OF THE LESSON	TARGETTED SKILLS	TARGETTED LEARNING OUTCOMES	TEACHING METHODOLOGY	ASSESSMENT STRATEGIES PLANNED/ TOOLS
Concept, role and objectives of Financial Management	Understanding Skills Reasoning Analytical Skills Critical Skills	- Understand the concept of financial management. - Explain the role of financial management in an organisation. - Discuss the objectives of financial management	Lecture methods: explained Concept, role and objectives of Financial Management. Case study: used to improve higher thinking skill in financial management.	1. Oral Test 2. Slip Test 3. Group Discussion 4. Quiz 5. Case studies 6. Class Test 7. Worksheet (see below) 8. Home assignment (see below)
Financial decisions: investment, financing and dividend- Meaning and factors affecting		Discuss the three financial decisions and the factors affecting them.	Demonstration methods: Financial decisions: investment, financing and dividend- Meaning and factors affecting. Question answered technique: for identifying the decision whether it investing, financing or dividend decision and factors affecting decisions.	
Financial Planning - concept and importance		- Describe the concept of financial planning and its objectives. - Explain the importance of financial planning.	Lecture method: explained financial planning concept and importance with real examples.	
Capital Structure – concept and factors affecting capital structure		- Understand the concept of capital structure. - Describe the factors determining the choice of an appropriate capital structure of a company.	Lecture method: explained financial planning concept and importance with real examples. Demonstration method: used to describe capital structure.	
Fixed and Working Capital - Concept and factors affecting their requirements		- Understand the concept of fixed and working capital. - Describe the factors determining the requirements of fixed and working capital.	Group Discussion on: Requirement of fixed and working capital. Factors affecting capital structure of a Company Introducing real life examples	

ACTIVITIES PLANNED

**A visit to a small kirana shop
and dmart**

Students Will Be Taken To both the places and be asked to note the types and amount of fixed assets employed by them and the value of stock held by each and make a rough estimate of capital requirements to study the difference in requirement of fixed and working capital by each type of business

Instructional Aids	• Chalk Board, • Duster • Pointer • LCD Projector
Class Transaction	Total: 20 periods (approx. 40 min each)
Transaction Methodology (The teacher can use the mentioned techniques, wherever applicable, and can use any other too.)	Transaction would proceed in the following manner :- Strategy Used: Inductive and deductive reasoning, Brainstorming, graphic organizer, think pair and share: In this activity, students think about a particular question individually, then they form pairs to discuss their answers. Following this, the results are shared in a large classroom discussion. Alternatively, two pairs of students can pair up to compare and discuss answers. This process forces students to think individually, and then allows them to analyze and clarify their response collaboratively. Brain Storming: In this activity, students are asked to generate ideas on a certain topic, category or question while facilitator facilitate and record the answers on the board. Inquiry Based Learning: Inquiry-based learning uses different approaches to learning, including small-group discussion and guided learning. Instead of memorizing facts and material, students learn by doing. This allows them to build knowledge through exploration, experience, and discussion. Inductive and Deductive Learning: In Inductive type students proceed from particular to general statement (example to formula) and in Deductive type students proceed from general to particular. Muddiest Point: Check comprehension and identify confusion, what was most confusing about the material? Brain Storming-The class would start with a discussion on what the students have already learnt in the previous classes and hence what is it that they would learn now. They would also be told the significance of the topic that they would be studying. Introduction of the topic - PPT and Digital Content would be shared Guided practice followed by Independent Practice- NCERT questions to be discussed in the classroom. Techniques to be used: 1. Quiz 2. Daily Practice Problem 3. MCQ 4. Peer Assessment 5. Case Studies
Resources	Text Book: • NCERT text book E-resources • PPT • YouTube • Videos

Self-Study, Home Work, Assignments	Independent Practice: Students would do some questions from NCERT in their HW notebooks and later try to solve the questions asked in the previous year question papers and also the question given in the sample papers This would enable them to prepare for the board exam level of questions and test their mental skills It is also advised that the students come to the class with proper background knowledge of the topic under discussion. They can refer to the resources stated above.
Addressing Classroom Diversity	Due to various social backgrounds and multiple intelligences, the classroom might be a diverse arena. The following techniques can be used for various groups: For gifted students: • Encouragement for referring other resources • Using NCERT and other relevant web sites for preparation material For weak students: • Buddy help to be provided • Provide grade-up classes • Adopt an easy to difficult method of concept learning For differently abled students: • Ignore spelling mistakes • Call parents at regular intervals • Care for them on one to one basis • Provide grade-up classes
Measuring Attainment Of Learning Objectives	Low Order Thinking Skills Questions Q Enumerate three important decisions taken in financial management. Q What is the link between operating cycle and working capital? Q How do growth opportunities affect dividend decision? Q What is financial risk? Q Give the factors affecting financing decision? Q Give the factors affecting dividend decision? Q Give the factors affecting choice of capital structure? Q Give the factors affecting working capital decisions? Q What is financial planning? Q Give the objectives of financial planning? Q What is the importance of financial planning? Q What are the objectives of financial management? Q What is wealth maximization concept? Q What is financial leverage? Q What is trading on equity? High order thinking skills based question Q Why debt is considered cheaper than equity? Q What is the cost of raising funds called? Q What determines the overall financial risk? Q What is meant by working capital how is it calculated? Discuss five important determinants of working capital requirements? Q A capital budgeting decision is capable of changing the financial fortune of a business. Do you agree why or why not? Q Name the concept of financial management that enables to foresee the fund requirements both in terms of the quantum and

timings?

Q The return on investment of a company ranges between 10 to 12% for the past 3 years. To finance its future fixed capital needs it has the following options for borrowing the debt

- Option a rate of interest 9%
- Option b rate of interest 13%

Which source of debt option a or option b is better give reasons in support of your answer also state the concept being used in taking the decision?

HOME ASSIGNMENT

- Q1. Explain the objectives of Financial Planning.
- Q2. What is meant by 'Financial Management'? State the primary objective of Financial Management.
- Q3. Determining the relative proportion of various types of funds depends upon various factors. Explain any six such factors.
- Q4. Explain any six factors affecting the decision that determines the amount of profit earned to be distributed and to be retained in the business.
- Q5. "Sound Financial Planning is essential for the success of any enterprise." Explain this statement by giving any six reasons.
- Q6. Explain the three major decisions every manager has to take while performing the finance function.
- Q7. Give the meaning of Financial Management. State its main objective.
- Q8. State any three points of importance of financial planning.
- Q9. "Determining the overall cost of capital and the financial risk of the enterprise depends upon various factors". Explain any six such factors.
- Q10. You are a Finance Manager of a newly established manufacturing company. Explain any six factors that you will consider while determining the fixed capital requirement for the company. In the paint industry, various raw materials are mixed in different proportions with petroleum for manufacturing different kinds of paints. One specific raw material is not readily and regularly available to the paint manufacturing companies. Bowler Paints Company is also facing this problem and because of this there is a time lag between placing the order and the actual receipt of the material. But, once it receives the raw materials, it takes less time in converting it into finished goods. Identify the factor affecting the working capital requirements of this industry.
- Q11. Explain briefly any four factors affecting the fixed capital requirements of an organisation.
- Q12. What is meant by 'Capital Structure'?
- Q13. Ramanath Ltd. is dealing in import of organic food items in bulk. The company sells the items in smaller quantities in attractive packages. Performance of the company has been up to the expectations in the past. Keeping up with the latest packaging technology, the company decided to upgrade its machinery. For this, the Finance Manager of the company, Mr. Vikrant Dhull, estimated the amount of funds required and the timings. This will help the company in linking the investment and the financing decisions on a continuous basis. Therefore, Mr. Vikrant Dhull began with the preparation of a sales forecast for the next four years. He also collected the relevant data about the profit estimates in the coming years. By doing this, he

wanted to be sure about the availability of funds from the internal sources. For the remaining funds he is trying to find out alternative sources.

- a. Identify the financial concept discussed in the above paragraph. Also state any two points of importance of the financial concept, so identified.

Q14. Explain briefly any four factors that affect the working capital requirements of a company.

Q15. Explain briefly any four factors that affect the fixed capital requirements of a company.

Q16. Explain briefly any four factors that affect the choice of capital structure of a company.

WORKSHEET

What is finance?

Explain Financial Management

Role and Importance of Financial Management

All items in the financial statements (Balance Sheet and P/L Account) of a business are directly or indirectly affected by the financial management decisions, some of them are given below:

1.

2.

3.

4.

5.

Objectives of financial management

1. Profit maximization-

2. Wealth maximization –

The financial management focuses on three major financial decision areas namely _____, _____ and _____.

They are collectively known as the _____

Finance Functions

1. _____ Decision

It will include the following:

- a. _____

- b. _____

Factors affecting Capital Budgeting (Investment Decision)

- A. _____

- B. _____

2. _____ Decision

Factors affecting financing decision

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

3. _____ **Decision**

Factors affecting dividend decision

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

11. _____

4. Financial Planning –

It involves the following aspects:

- a. _____

- b. _____

- c. _____

Types of financial planning

- a. _____

- b. _____

Objectives of Financial Planning

1. _____

2. _____

Importance of financial planning

1. _____

2. _____

3. _____

4. _____

5. _____

Capital Structure

The capital structure of a company consists any of the following forms:

1. _____
2. _____
3. _____
4. _____
5. _____

Financial Leverage –

As the financial leverage increases (highly geared) the cost of funds _____ and therefore more earnings per share, but the financial risks increases.

Trading on equity

Q- A company raises Rs.50,000 through equity shares and earns a profit of Rs.5000. Here the rate of return is 10%. On the other hand, if the company raises Rs.40000 by way of 6% debentures and Rs.10000 through equity shares, the rate of return to equity shareholders is increased to 26% as follows:

Total Investment _____

Total Profit _____

Interest on debentures _____

Balance of Profit to equity shareholders _____

Rate of return on equity share capital _____

Factors Affecting the Choice of Capital Structure

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

11. _____

12. _____

13. _____

14. _____

Fixed Capital and Working Capital

Fixed Capital

Management of fixed capital

Importance of management of fixed capital

1. Long term growth –

2. Large amount of funds involved –

3. Irreversible decision –

4. _____

Factors affecting the requirement of fixed capital

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____
