

Book Review

Fundamentals of Financial Management

Author : **Dr. Sheeba Kapil**

Publisher : Pearson Education

“Thoughtful financial planning can easily take a backseat to daily life.”

- Suze Orman

Summary of the Book

Fundamentals of Financial Management introduce students to the fundamental tools and concepts of corporate finance, emphasizing on the theories and techniques that aid in corporate decision-making. This book captures the latest developments in the field and presents a succinct review of concepts like planning and budgeting, the management of working capital, financial forecasting, return and valuation, and capital budgeting.

The author of the text has divided the entire writings into nine units very appropriately. Without understanding the concepts of Financial Accounting it is not possible to understand the concepts of Financial Management. Accordingly the author has clearly indicated the Basic Accounting concepts in the unit-I itself as the book is entitled as “Fundamentals of Financial Management”. This will definitely help the readers more particularly to the Non-Accounting students to get clarity of the subject and to understand the present role of Financial Executive.

Though the text has not fully covered the application oriented questions at the end of each chapter, the same has been found in some of the chapters which will be very much useful to build up the career of Financial Management. He has also made an attempt to give a summary

excellently in each of the chapters. This helps the reader to refresh the concept as well as the quick understanding of what the entire chapter speaks about.

Another specialty of the book is that it covers almost all the fundamentals of financial concepts like Cash flow and Fund flow, CVP, Time value of Money, Risk and Return, Valuation of Securities, Leverages, Capital costs, Capital Budgeting and Structure, Capital Market, Financial Instruments, Venture Capital, Dividend Concepts, Working Capital Management, International Financial Trade and Market, Corporate Governance and Mergers & Acquisitions. This will be an opportunity for any beginner to get strong foundations in the area of Finance. If the text covers the fundamentals of Derivatives that would have given extra mileage to the Author.

Unit III talks about the tools of Financial Management which will help for financial decision making. Unit IV speaks about the capital structure. The author has clearly informed about the 'Optimal Capital Structure' which is most important for any business enterprise to run without any interruption. Unit V highlights the evaluation of different techniques of capital budgeting and which also covers the evaluation of capital projects under the situation of Risk and Uncertainty. Unit VI discusses the basic structure and functioning of

the financial market and Unit VII depicts the dividend policy and decisions as well as current dividend practices in India. This helps the reader to well verse with the present happenings in the dividend declarations.

In Unit VIII the author attempts to explain the day to day management activities of an organization which includes cash, receivables and inventory decisions of business enterprises.

And finally, in Unit IX, he tries to bring the emerging topics like International Financial Management, Corporate Governance and Mergers & Acquisitions. In this section he tries to analyze the effects of the euro on international trade and describes the floating and fixed

exchange rates.

At the conclusions of the each chapter the author tries to put thought provoking questions which give real exercises to the brain of the readers which creates some more interest and they can read further. The text also creates an interest to read the other finance specialized books.

Reviewed by:

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