
Book Review

Financial Management : Principles and Applications

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The text of this book for a financial management introductory class is built around 10 basic principles of finance, and emphasizes both valuation and the capital markets and their influence on corporate financial decisions. Harley-Davidson is used as an ongoing case example to introduce chapter topics. With its exciting introduction of the Harley-Davidson focus company theme, this book continues to provide a solid, enduring foundation of the tools of modern theory while at the same time developing the logic behind their use. The "10 Principles of Finance" provide the framework, or "the big picture" of finance, which ties the major concepts of the book together. The main feature of the book which makes it different from other books is the "10 Principles of Finance". These also appear in in-text inserts called "relate to the big pictures". These inserts serve to refocus the students attention on the underlying principles behind what is being done. The other important feature is the integrated problems given at the end of each chapter which include all the concepts covered in a particular chapter. These comprehensive problems can also be used by teachers as a review tool.

This book is divided into six parts which are further divided into 24 chapters. Chapter topics include financial statements, taxes, and cash flows; evaluating a firm's financial performance; financial forecasting; time value of money; risk and rates of return; bond

valuation; stock valuation; capital budgeting decision criteria; cash flows and other topics in capital budgeting; capital budgeting and risk analysis; cost of capital; managing for shareholder value; raising capital in the financial markets; analysis and impact of leverage; planning the firm's financial mix; dividend policy and internal financing; working-capital management and short-term financing; cash and marketable securities management; accounts receivable and inventory management; risk management; international finance; corporate restructuring: combinations and divestitures; and term loans and leases, for individuals seeking a lasting understanding of the fundamentals of financial management.

The contents of the book provides a balanced presentation of the theory and practice. The book is designed to provide concepts and techniques in major areas of financial management and it enable the students of MBA programme, researchers, academicians and corporate executives to evaluate objectively, alternative course of actions and take optimal decisions in all areas while fully appreciating and weighting the financial implications thereof.

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