



BASIC FINANCIAL MANAGEMENT

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PREFACE

This book **"BASIC FINANCIAL MANAGEMENT"** is designed to equip students or its readers on the importance and significance of managing financial resources of the business. It aims to inculcate awareness that financial literacy is an essential component in decision making. Knowledge of basic financial management would help business stakeholders to make viable decision related to proposed projects or investments. It also equip them with the necessary tools that will guide them in business management, proper utilization and allocation of financial resources that will help improve the business overall performance and profitability.

The book consists of nine chapters. At the end of each lesson and chapter, related activities are given to develop students skills on critical / analytical thinking, creativity, decision making, team building and communication.

Chapter One gives an overview of financial management which include topics such as its definition, importance, fundamental concepts and the role of the financial manager in a business organization.

Chapter Two is all about the cash flow statement with topics such as its objectives and the various business activities in terms of sources and uses of cash. It will also discuss the methods related to cash flow preparation.

Chapter Three will equip the students in understanding the basic financial statements as a tool in decision making. Topics such as an overview on financial statement analysis , horizontal, vertical and ratio analysis will be thoroughly discussed to help students appreciate the use and function of the financial statements.

Chapter four deals with the time value of money with detailed discussion related to present value and future value concepts. Topic related to risk and return is included for students to appreciate the consequences of every investment decision.

Chapter Five is all about the concepts and various valuation methods used if the business organization decided to make an investment on either bonds and stocks.

Chapter Six discusses the cost of capital, borrowing, debt and equity in order to make viable investment decisions.

Chapter Seven focuses capital budgeting which aims to give students the necessary tools to evaluate projects or investments such as payback period, discounted payback period, accounting rate of return, net present value, internal rate of return and profitability index.

Chapter Eight relates to working capital management and will include topics with regards to its various elements, types, objectives, capital cycle and approaches.

Chapter Nine will give students an overview on corporate financial planning process

It is with fervent hope and prayer that this book will serve as an inspiration to the students or readers to choose the path of becoming an entrepreneur to make a great impact and significant change towards economic growth and development of the community, society and the nation.

The Author

TABLE OF CONTENTS

Preface.....	iii
Chapter I Introduction to Financial Management	1
Financial Management, Defined	1
Importance of Financial Management:	2
Fundamental Concepts in Financial Management	2
Role of the Financial Manager.....	3
Chapter Review	5
Chapter Exercises	7
Exercise 1.1	7
Exercise 1.2.....	9
Exercise 1.3	11
Classroom Activity	13
 Chapter II Cash Flow Statement	 15
Statement of Cash Flow	15
Operating activities.....	16
Investing activities	16
Financing activities	16
Direct method	17
Indirect method	18
Rules (Operating Activities)	18
Rules (Financing Activities).....	19
Chapter Review	21
Class Exercises	23
Class Exercise 2.....	27
Class Exercise 3.....	29
Class Exercise 4.....	33
Class Exercise 5.....	35
 Chapter III Financial Statement and Analysis	 39
Understanding the Basic Financial Statements	39
Statement of Comprehensive Income	41
Overview of Financial Statement Analysis	44
Uses of Financial Statement Analysis	44
Advantages of Financial Statement Analysis.....	45
Limitations of Financial Statement Analysis:.....	45
Tools and Techniques of Financial Statement Analysis	46
Chapter Review	63
Chapter Exercises	65

Exercise 3.1	65
Exercise 3.2	67
Exercise 3.3	69
Exercise 3.4: Financial Statements Preparation.....	73
Exercise 3.5	75
Exercise 3.6	77
Exercise 3.7	79
Exercise 3.8.....	81
Exercise 3.9: Ratio Analysis	83
Suggested Class Activity.....	85

Chapter IV Time Value of Money	87
Overview on Time Value of Money (TVM)	87
1. Present Value	87
2. Future Value	88
3. Interest	88
Application of Time Value of Money Principle.....	90
Which option would you choose?	91
Discount Rates	91
Future Values.....	91
Present Values	92
Note.....	92
Using Tables to Solve Future Value Problems.....	93
Using Tables to Solve Future Value of Annuity Problems	93
Using Tables to Solve Present Value Problems	94
Present Value	94
Using Tables to Solve Present Value of an Annuity Problems.....	94
Net Present Value Analysis	95
Net Present Value Example.....	95
The Discount Rate	95
Contents of a Net Present Value Analysis.....	96
Cautions when using Net Present Value.....	96
Definition of 'Risk Return Trade Off'	97
The Risk Return Trade-off	97
Chapter Review	99
Exercise 4.1	101
Exercise 4.2.....	103
Exercise 4.3 – Comprehensive Problems	105

Chapter V Bonds and Stocks Valuation	109
Concepts of Bonds	109
Advantages and Disadvantages of Bonds.....	110
Effect of Bonds in the Economy	110
Concepts of Stocks	111
Advantages and Disadvantages of Stocks.....	111

Valuation of Bonds and Stock	112
Yield Measures	115
Common Stock Valuation Models.....	117
Absolute Valuation Model	117
Preferred Stock Valuation.....	119
Considerations.....	119
Chapter Review.....	120
Chapter Exercises.....	121
Exercise 5.1	121
Exercise 5.2	123
Exercise 5.3.....	127
Exercise 5.4.....	131
Exercise 5.5.....	133
Exercise 5.6.....	137
Exercise 5.7.....	143
 Chapter VI Cost of Capital	145
Cost of Capital, defined.....	145
Weighted Average Cost of Capital (WACC)	146
Cost of Borrowing	146
Cost of Debt	147
Cost of Equity (COE)	148
Chapter Review.....	150
Chapter Exercises	151
Exercise 6.1	151
Exercise 6.2.....	153
Exercise 6.3.....	157
Exercise 6.4.....	159
 Chapter VII Capital Budgeting Techniques.....	165
Significance of Capital Budgeting	165
Importance of Capital Budgeting	165
Capital Budgeting Techniques/Methods.....	166
Payback period method:	166
Accounting rate of return method (ARR).....	167
Net present Value (NPV) Method:	167
Internal Rate of Return (IRR).....	168
Profitability Index (PI).....	168
Chapter Review	169
Chapter Exercises	171
Exercise 7.1	171
Exercise 7.2.....	173
Exercise 7.3.....	175
Exercise 7.4.....	179
Exercise 7.5.....	181

Chapter VIII Working Capital Management	183
What is 'Working Capital Management'?	183
Elements of Working Capital Management.....	183
Types of Working Capital.....	184
Objectives of Working Capital Management.....	185
The Working Capital Cycle	185
Creditors and Debtors	186
Properties of a Healthy Working Capital Cycle	186
Approaches to Working Capital Management.....	187
Significance of Adequate Working Capital	187
Factors for Determining the Amount of Working Capital Needed.....	188
Importance of Working Capital	189
Cash Flow Management	190
Projecting Cash Flow	190
Addressing Cash Shortages.....	191
Maximizing Use of Projected Cash Surpluses	191
Accounts Receivable Management.....	191
Assessing Creditworthiness	192
Setting Credit Terms and Monitoring Accounts Receivable	193
Collecting Cash.....	194
Methods of Speeding Up Cash Collection From Accounts Receivable	195
Invoice Discounting.....	196
Inventory Management.....	197
Economic Order Quantity (EOQ)	198
Chapter Review	200
Chapter Exercises	201
Exercise 8.1	201
Exercise 8.2	203
Exercise 8.3	207
Exercise 8.4	209
Exercise 8.5	213
Exercise 8.6	215
 Chapter IX Corporate Financial Planning	 217
The Financial Planning Process	217
 References	 221