

**STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI - 600 086**

**B.COM DEGREE**

**SYLLABUS**

(Effective from the academic year 2019 -2020)

**FINANCIAL MANAGEMENT**

**CODE: 19CM/MC/FM44**

**CREDITS : 4**

**L T P : 4 1 0**

**TOTAL TEACHING HOURS: 65**

**OBJECTIVES OF THE COURSE**

- To familiarize students with the principles and practices of financial management
- To provide students a sound conceptual frame work for financial decision-making
- To enable the students to select and apply the techniques in managing working capital
- To assist the student apply the concepts of financial management

**COURSE LEARNING OUTCOMES**

On successful completion of this course, students will be able to

- Understand the financial environment within which the organizations must operate
- Measure risk and return and explain the tradeoff between risk and return
- Critically evaluate the financial objectives of various types of organizations and the respective requirements of stakeholders
- Calculate the value of various financial assets

**Unit 1**

**(10 Hours)**

**Introduction to Financial Management**

- 1.1 Core Concepts
  - 1.1.1 Investment Decisions
  - 1.1.2 Finance Decisions
  - 1.1.3 Dividend Decisions
- 1.2 Objectives of the Firm
  - 1.2.1 Profit Maximisation
  - 1.2.2 Wealth Maximisation
- 1.3 Objectives of Long term and Short term Capital Management
- 1.4 Time Value of Money-Concepts and Applications
  - 1.4.1 Computation of Time value of Money
    - 1.4.1.1 Compounding Techniques
    - 1.4.1.2 Present Value Techniques

**Unit 2**

**(10 Hours)**

**Capital Structure**

- 2.1 Meaning and Significance of Capital Structure
- 2.2 EPS-EBIT Analysis
- 2.3 Leverages - Meaning and Importance
  - 2.3.1 Types of Leverages

**Unit 3 (15 Hours)**

**Cost of Capital**

- 3.1 Meaning and Significance
- 3.2 Cost of Equity and Retained Earnings
- 3.3 Cost of Debt - Redeemable
- 3.4 Cost of Preference - Redeemable
- 3.5 Computation of Overall Cost of Capital - Book Value and Market Value

**Unit 4 (15 Hours)**

**Capital Budgeting**

- 4.1 Nature of Capital Budgeting
- 4.2 Evaluating Techniques - Pay Back Period, Average Rate of Return, Net Present Value, Internal Rate of Return and Profitability Index

**Unit 5 (15 Hours)**

**Working Capital Management and Dividend Decisions**

- 5.1 Need for Working Capital Management
- 5.2 Determinants of Working Capital Management
- 5.3 Computation and Management of Working Capital
- 5.4 Dividend Policies-Factors determining Dividend payments
  - 5.4.1 Theories of Dividend Policies

**BOOKS FOR STUDY**

Khan, M.Y. and P.K. Jain. *Basic Financial Management*. New Delhi: Tata Mc Graw Hil, 2017.

Dr. A. Murthy *Financial Management*, Margham Publications, 2013

**BOOKS FOR REFERENCE**

Chandra., *Fundamentals of Financial Management*. New Delhi: Tata McGraw Hill, 2014.

Van Horne, James C. *Financial Management and Policy*. New Delhi: Prentice Hall of India, 12<sup>th</sup> edition.2011.

Maheshwari, S. N. *Financial Management*. New Delhi: Vikas, 6<sup>th</sup> edition, 2013

Pandey, I. M. *Financial Management*. New Delhi: Vikas, 2016.

Ravi M. Kishore. *Taxmann's Financial Management*. New Delhi: K. L. Taxmann, 2016.

**JOURNALS**

Journal on Risk and Financial Management

Indian Journal of Finance

## **WEB RESOURCES**

[www.mdpi.com/](http://www.mdpi.com/)

[www.indianjournaloffinance.co.in/](http://www.indianjournaloffinance.co.in/)

[www.financeindia.com](http://www.financeindia.com)

## **PATTERN OF ASSESSMENT**

### **Continuous Assessment Test**

**Total Marks : 50**

**Duration : 90 minutes**

Section A - 3 x 2 = 6 (no choice)

Section B - 3 x 8 = 24 (from a choice of four questions)

Section C - 1 x 20 = 20 (from choice of two questions)

### **Other Components:**

**Total Marks : 50**

Assignments/ Objective Test/ Case Study

### **End Semester Examination:**

**Total Marks:100**

**Duration: 3 hours**

Section A – 10 x 2 = 20 Marks (no choice 5 Questions theory and 5 Problems)

Section B – 5 x 8 = 40 Marks (from a choice of seven questions – 2 theory and 5 problems)

Section C – 2 x 20 = 40 Marks (from a choice of four questions- Problems)