

STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI - 600 086
B.Com (A & F) DEGREE: ACCOUNTING AND FINANCE

SYLLABUS
(Effective from the academic year 2015 -2016)

CORPORATE FINANCE

CODE: 15CM/MC/CF55

CREDITS : 5

L T P : 5 0 0

TOTAL TEACHING HOURS : 65

OBJECTIVES OF THE COURSE

- To introduce the concepts, assumptions and mechanics involving financial decisions
- To familiarize the students with the analytical techniques used in decision making
- To expose the students to methods of corporate restructuring.

Unit 1 (12 hrs)

An overview of Corporate Finance

- 1.1 Patterns of Corporate Financing
- 1.2 Internal Vs. External Funds
Common Stock- Preference and Equity Shares
Types of Debt
- 1.3 Issue of Securities in Corporations
Venture Capital, Initial Public Offering, New Issue Procedures, Private Placement
Vs. Public Issue

Unit 2 (15 hrs)

Capital Structure

- 2.1 Capital Structure Theories
- 2.2 Net Income, Net Operating Income. MM Theories
- 2.3 Taxation and Capital Structure Trade off theory and signalling theory

Unit 3 (15 hrs)

Investment Decisions

- 3.1 Theories in Capital Budgeting
- 3.2 Problems in Capital Budgeting
Project with different Life, Investment Timing and Duration
Replacement of Assets, Investment Decision under Capital Rationing
- 3.3 Risk Analysis in Capital Budgeting (only theory)
Introduction, nature of Risk
Technique for Risk Analysis – Sensitivity, Simulation, Decision Tree, Utility
Theory and Capital Budgeting

Unit 4 (12 hrs)

Corporate Restructuring

- 4.1 Reasons for Merger, Cost and Benefits, Terms of Merger
- 4.2 Types of Merger – Purchase, Takeover, Business Alliance, Acquisition
Divestiture, Ownership Restructuring and Privatisation
- 4.3 Mechanics of Merger

Unit 5 (11 hrs)

Payout policy and Theory

- 5.1 Reasons for Payment of Dividends
- 5.2 Dimensions of Dividend Policy , Corporate Dividend Behaviour, Legal and
Procedural Aspects
- 5.3 Bonus Shares, Stock Split and Share Buy Backs
- 5.4 Objectives and Practical Considerations in Determining Dividend Policy,
- 5.5 Dividend Relevance – Walter and Gordon Models

TEXT BOOKS

Pandey I. M., Financial Management, New Delhi Vikas, 2005

Prasanna Chandra, Fundamentals of Financial Management, New Delhi, Tata Mc
Graw Hill, 2010

BOOKS FOR REFERENCE

James C. Van Horne, Financial Management and Policy, New Delhi. Prentice
Hall of India, 1991

Khan M.Y. and Jain P.K. Basic Financial Management, New Delhi. Tata Mc
Graw Hill, 2005

Maheshwari S. N., Financial Management, New Delhi. Vikas, 1999

Ravi M. Kishore, Taxmann's Financial Management, New Delhi. K. L., Taxmann,
2006

JOURNALS

Journal of Banking and Finance
Journal of Finance
Journal of Financial Economics

WEB RESOURCES

www.cfainstitute.org/cfaprogram
www.icaai.org

www.icsi.edu
www.icwai.org

PATTERN OF EVALUATION

Continuous Assessment:

Total Marks: 50 Duration: 90 MINS

Section A – Answer all Questions 7 x 2 = 14 Marks

Section B – Answer any Two Questions from a choice of Three 2 x 8 =16 Marks

Section C – Answer any One Question from a choice of Two 1 x 20 = 20 Marks

Third Component Tests:

Open book tests

Assignments- Problem solving

End Semester Examination:

Total Marks:100 Duration: 3 Hours

Section A – short answers (max. 50 words) - 10 x 2 = 20 Marks

5 Questions theory and 5 Problems

Section B – Problems 5 x 8 = 40 Marks (From a choice of 7)

Section C – Problems 2 x 20 =40 Marks (From a choice of 4)