

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

**SYLLABUS**  
**(Effective from the academic year 2015 -2016)**

**PRINCIPLES OF FINANCIAL MANAGEMENT**

**CODE: 15CM/MC/PF44**

**CREDITS : 4**

**L T P : 4 0 0**

**TOTAL TEACHING HOURS : 52**

**OBJECTIVES OF THE COURSE**

- To acquaint the students with the basic tools and principles of financial management concept
- To provide a sound conceptual frame work for financial decision-making

**Unit 1 (10 hrs.)**

**1.1 Scope and Objectives of Financial Management**

- 1.1.1 Meaning ,Importance and Objectives
- 1.1.2 Conflicts in Profit Vs Value maximization Principles
- 1.1.3 Significance of Financial Management
- 1.1.4 Role of chief Financial Officer

**1.2 Time value of Money**

- 1.2.1 Meaning and Significance of Time value of Money in Financial Decisions
- 1.2.2 Computation of Time value of Money  
Compounding Techniques  
Présent value Techniques
- 1.1.1 Computation of Time value of Money using Excel

**Unit 2 (10 hrs)**

**Leverages**

- 2.1 Definition, Meaning and Measures of Financial Leverage
- 2.2 Financial Leverage and Shareholder Return
- 2.3 Combining Financial and Operating Leverages
- 2.4 Financial Leverage and Shareholders Risk

**Unit 3 (10hrs.)**

**Cost of Capital**

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

**Unit 4 (12 hrs.)**

**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
- 4.3 Computation of Pay Back Period, ARR, NPV, IRR and PI using Excel

**Unit 5 (10 hrs)**

**Working Capital Management**

- 5.1 Need for Working Capital Management
- 5.2 Determinants of Working Capital Management
- 5.3 Computation of Working Capital

**TEXT BOOK**

Khan M.Y. and Jain P.K. Basic Financial Management, New Delhi, Tata Mc Graw Hill, 1999

**BOOKS FOR REFERENCE**

Ashish Kalra, Financial Management ,2011, IGP, New Delhi

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

Khan M.Y. and Jain P.K. Basic Financial Management, 1999, Tata Mc Graw Hill, New Delhi

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

Pandey I. M., Financial Management, 2000, Vikas, New Delhi

Prasanna Chandra, Fundamentals of Financial Management, 1999, Tata Mc Graw Hill, New Delhi

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

**JOURNALS**

Indian journal of finance  
Journal on risk and financial management

**WEB RESOURCES**

[www.managementstudyguide.com](http://www.managementstudyguide.com)  
[www.wikipedia.org](http://www.wikipedia.org)

## **PATTERN OF EVALUATION**

### **Continuous Assessment:**

Total Marks: 50                      Duration: 90Mins

Section A  $3 \times 2 = 6$  (no choice)

Section B  $3 \times 8 = 24$  (from a choice of four)

Section C  $1 \times 20 = 20$  (from choice of two)

### **Third Component Tests**

Open book test

Problem solving

Assignment

### **End Semester Examination:**

Total Marks:100                      Duration: 3 Hours

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

5 Questions theory and 5 Problems

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

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