

B. Com (Hons.) (Accounting and Taxation)
CORE COURSE (CC)
SEMESTER VIII
(BCB44801T): FINANCIAL MANAGEMENT

MAX. MARKS: 100
EXTERNAL: 70
INTERNAL: 30
PASS: 40%
Credits:6

Objective:

To enable the students to understand the concept of financial management and will be capable of taking long term investment decisions

Course Outcomes:

CO 1:	Understand the financial management decisions regarding financial goals, estimate the overall capital requirement and optimum mix of various capitals in the business organization
CO 2:	Ascertain the benchmark as combined cost of capital to evaluate the capital investment project and use of capital budgeting technique under certainty and risk situation
CO 3:	Identify the determinant and dangers of dividends and leverages and its optimization process
CO 4:	Estimate the working capital requirement and analyze the various models for management of working capital

SECTION A

Foundations of Finance

Block 1: Financial Management : Meaning, Scope and Objectives of Financial Management and Time Value of Money

Block 2: Valuation of Securities, Risk and Return

Block 3: - Investment Decisions

Cost of Capital: Determination of Cost of Capital, Components of Cost of Capital

Capital Budgeting- Meaning, importance , Methods of Capital Budgeting, Evaluation of Projects (excluding Risk and Uncertainty, Implications of Normal, Initial and Terminal Depreciation and Balancing Charge)

SECTION B

Block 4: Sources of Finance

Sources of Finance:- Long term and Short Term.

Block 5: Financing Decisions

Leverage- Meaning, Types of Leverage, Operating ,Financial and Combined Leverage

Capital Structure theories - Meaning of Capital Structure, Determinants of Capital Structure.

Theories of Capital Structure

Block 6: Working Capital Management and Dividend Policy

Working Capital Management and Its Estimation (Excluding Cash, Receivable and Inventory Management). Dividend Policy- Relevance and Irrelevance Theories.

Suggested Readings:

1. Berk, J., & DeMarzo, P. (2010). Financial management (2nd ed.). Pearson Education, Dorling Kindersley (India) Pvt Ltd.
2. Brealey, R. A., Myers, S. C., & Allen, F. (2006). Principles of corporate finance (8th ed.). McGraw Hill.
3. Chandra, P. (2008). Financial management (7th ed.). Tata McGraw Hill.
4. Pandey, I. M. (2009). Financial management (9th ed.). Vikas Publishing House.
5. Khan, M. Y., & Jain, P. K. (2011). Financial management (6th ed.). Tata McGraw Hill.

Note: Latest edition of text books may be used.

INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any ten questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
5. The duration of each paper will be three hours.

INSTRUCTIONS FOR THE CANDIDATES:

Candidates are required to attempt any two questions each from the sections A and B of the question paper and any ten short questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.