

SEMESTER IV
B.Com(IF&A)
FINANCIAL MANAGEMENT-II
DSC
w.e.f 2018 -19 AY

SCHEME OF INSTRUCTION

Hours per Week : 5
Credits : 5
Instruction Mode : Lecture
Course Code :BC 06 101.214T
Hrs

SCHEME OF EXAMINATION

Maximum Marks : 100
Internal Assessment : 40
External Examination : 60
External Exam Duration : 3

Course objective: To develop the knowledge and skills expected of a finance manager, in relation to investment, financing, and dividend policy decisions.

Course Outcomes:

CO 1: Study the effects of money market & capital market in the economy

CO 2: Use different methods for analysing the correctness of investing decisions.

CO 3: Mitigate risk & analyse the impact of Inflation & tax shield in investment appraisal

CO 4: Value the business based on future earning capacity and the importance of Hedging process to eliminate foreign exchange risks.

Unit I: Financial Management Environment

12 Hrs

Meaning – Economic Environment for business – Nature and role of Financial Markets and Institutions – Nature and role of money markets and Capital Markets – Various Sources of Finance

Unit II: Techniques of Capital Budgeting

12 Hrs

Meaning of Capital Budgeting – Importance of Capital Budgeting Decisions – Kinds of Capital Budgeting – Process of Capital Budgeting – Techniques of Investment Evaluations: Payback Period – Accounting Rate of Return – NPV – IRR – Profitability Index – Compare and contrast NPV with IRR

Unit III: Investment Appraisal:

12 Hrs

Meaning of Risk – Sources of Risk – Risk Analysis in Capital Budgeting – Sensitivity Analysis – Probability Approach – Incorporation of Risk into Capital Budgeting – Capital Budgeting and Inflation – Taxation in investment appraisal – Lease or buy back of asset – asset Replacement – Capital Rationing

Unit IV: Business Valuations:**12 Hrs** Nature

and purpose of the valuation of business and Financial Asset – Methods of Valuation of Shares: Net Asset Approach – Dividend Approach – Earnings Approach – Valuation of Debt and other financial asset – Efficient Market Hypothesis – Practical Consideration in valuations of shares

Unit V: Risk Management**12 Hrs**

Types of Risk and approaches to risk management – Causes of exchange rate differences – Interest Rate fluctuations – Meaning and types of derivative instruments - Hedging Techniques for foreign currency risk – Hedging techniques in Interest rate risk

References:

- 1) Financial Management by Becker Publishsing
- 2) Financial Management By Kaplan Publishing

