

SEMESTER V
Financial Management I
B.COM (HONS/PROF)
DSE
w.e.f 2019 -20 AY

SCHEME OF INSTRUCTION

Hours per Week : 5
Credits : 5
Instruction Mode : Lecture
Course Code : BC.07.101.19T

SCHEME OF EXAMINATION

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

Course Objective: It enables the student to apply the various concept of Leverages, Cost of capital. It also makes the students to be knowledgeable about the dividend decision, Working Capital Management and Budgetary Control

Course Outcomes: On Successful completion of the Course, Students will be able to:

CO 1: Examine the meaning, scope, objectives of financial management.

CO 2: Appraise the time value of money with the help of compounding and discounting techniques.

CO 3: Discuss the need, importance and methods of capital budgeting.

CO 4: Explain the significance of modern techniques of capital budgeting and calculate NPV, IRR.

CO5: Describe the meaning of cost of capital and calculate specific cost of capital- equity, debt, preference and overall cost of capital.

Unit: I An overview of Financial Management

12 Hrs

Meaning and Definition of Financial Management-Scope of Financial Management-Financial decision-Goals /objectives of Financial Management-Risk Return Trade off-Role of Finance Manager – Profit Maximization Vs Wealth Maximization. (Theory Only).

Unit II: Time Value of Money

12 Hrs

Introduction-Meaning—Rationale of Time Preference for Money-Compound Value-Compound Value (more than one year)-Doubling Period-Compound -Value of an annuity-Present Value or Discounting Factors.

Unit-III: Capital Budgeting – I

12 Hrs

Introduction - Meaning, Need and Importance of Capital Budgeting – Methods of Capital Budgeting-Traditional methods- payback method – Average rate of return method. (Including problems).

Unit-IV: Capital Budgeting – II

12 Hrs

Modern techniques of capital Budgeting – Net Present Value method- Internal Rate of Return method – Profitability Index method. (Including problems).

Unit V: Cost of Capital

12Hrs

Cost of Capital – Meaning – Explicit and Implicit Cost – Determination of Capital-Problems in determination of cost of capital-Calculation of Specific cost of Capital –Cost of Debt-cost of Retained earnings-cost of Equity share capital-cost of preference capital - Overall Cost of Capital using Book Value Weights and Market Value Weights

Text Books:

Sharma & Gupta *Financial Management*: - - Kalyani Publishers

Reference Books

1. I. M. Pandey *Financial Management* Tata McGraw-Hill
2. S. N. Maheshwari *Financial Management (Theory & Practice)* Sultan Chand & Co New Delhi 2006
3. S. N. Maheshwari *Elements of Financial Management*