

**UNIVERSITY OF MADRAS**  
**B.Com. (GENERAL) DEGREE COURSE**  
**SYLLABUS WITH EFFECT FROM 2020-2021**

**BGE-CSC16**

**CORE-XVI: FINANCIAL MANAGEMENT**  
Common to BCom(A&F), BCom(BM) & BCom(CA)

**Inst.Hrs : 5**

**Credits : 4**

**YEAR: III**

**SEMESTER: V**

**OBJECTIVES**

- To impart the basics of Financial Management for the benefit of Commerce students.
- To enable the students to know the concepts of the Investment, Financing and Working Capital.

**OUTCOME:**

- At the end of syllabus students will understand the basics of financial management, investing, financing and dividend decisions.

**UNIT I: Introduction**

Meaning and Objectives of Financial Management – Functions of Financial Management. Finance - Sources of Financing-Role of Financial Manager in Financial Management-Financial Goals- Profit maximization Vs. Wealth maximization – Concept of Time Value of Money- Risk and Return.

**UNIT II: Capital Structure and Cost of Capital**

Capital Structure- Meaning- Capital Structure Theories-Definition - Cost of Equity Capital – Cost of Preference Capital – Cost of Debt – Cost of Retained Earnings – Weighted Average (or) Composite cost of capital (WACC) Capital Structure – Theories of Capital Structure - Leverage concept.

**UNIT III: Dividend**

Meaning – Dividend Policies – Factors affecting Dividend Payment – Provisions on Dividend Payment in Company Law – Dividend Models - Walter's Model - Gordon's Model - M. M. Model – Hypothesis Model.

**UNIT IV: Working Capital**

Working Capital - Meaning and importance – Factors Influencing Working Capital – Determining (or) Forecasting of Working Capital requirements – Working Capital Operating cycle-

**UNIT V: Capital Budgeting**

Capital Budgeting Process – Cash flow estimation- Payback period \_ Accounting Rate of Return – Net Present Value (NPV) – Net Terminal Value - Internal Rate of Return – Profitability Index – Capital Budgeting under Risk- Certainty Equivalent Approach and Risk – Adjusted Discount Rate – Decision Tree Analysis.

**Note: Questions in Sec. A, B & C shall be in the proportion of 20:80 between Theory and Problems.**

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**TEXT BOOK:**

1. **William R. Lasher – Financial Management** - CENGAGE New Delhi
2. I.M. Pandey, Financial Management, Vikas Publishing House
3. Prasanna Chandra, Financial Management, Tata McGraw Hill Publications

**REFERENCE BOOKS:**

1. S.N.Maheswari, Financial Management, Sultan Chand & Sons
2. Y.Khanand Jain, Financial Management, Sultan Chand & Sons
3. P.Periyasamy.P, Financial Management, Vijay Nicole Imprints Pvt. Ltd. Chennai
4. Murthy A, Financial Management, Margam Publications, Chennai

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