

**UNIVERSITY OF MADRAS**  
**B.COM. (GENERAL) DEGREE PROGRAMME**  
 SYLLABUS WITH EFFECT FROM 2023-2024

**THIRD YEAR – SEMESTER – V**  
**DISCIPLINE SPECIFIC ELECTIVE: FINANCIAL MANAGEMENT**

(Common to BCom-AF, BM & CA)

Subject Code	L	T	P	S	Credits	Inst. Hours	Marks		
							CIA	External	Total
346E5A	4				3	4	25	75	100
<b>Learning Objectives</b>									
<b>LO1</b>	To introduce the concept of financial management.								
<b>LO2</b>	To learn the capital structure theories.								
<b>LO3</b>	To gain knowledge about techniques in capital budgeting								
<b>LO4</b>	To learn about dividend payment models.								
<b>LO5</b>	To understand the needs and calculation of working capital in an organization.								
<b>Prerequisites: Should have studied Commerce in XII Std</b>									
Unit	Contents								No. of Hours
I	<b>Introduction</b> Meaning and Objectives of Financial Management – Functions of Financial Management. Finance - Sources of Finance-Role of Financial Manager - Financial Goals- Profit maximization Vs. Wealth Maximization – Concept of Time Value Money –Risk and Return – Components of Financial Management.								12
II	<b>Financial Decision</b> Capital Structure – Definition - Meaning- Theories- Factors determining Capital Structure – Various approaches of Capital structure Cost of Capital – Meaning – Factors determining cost of capital - Methods - Cost of Equity Capital – Cost of Preference Capital – Cost of Debt – Cost of Retained Earnings – Weighted Average (or) Composite Cost of Capital (WACC) Leverage – Concept – Operating and Financial Leverage								12
III	<b>Investment Decision</b> Capital Budgeting - Meaning - Process – Cash Flow Estimation Capital Budgeting Appraisal Methods: Traditional Methods - Payback Period – Accounting Rate of Return (ARR). Discounted Cash-flow Methods: Net Present Value (NPV) – Internal Rate of Return – Profitability Index.								12

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IV	<b>Dividend Decision</b> 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.	12
V	<b>Working Capital Decision</b> Working Capital - Meaning and Importance – Classification - Working Capital Cycle - Factors Influencing Working Capital – Determining Working Capital - Management of Current Assets: Inventories, Accounts Receivables and Cash.	12
<b>TOTAL</b>		60
<b>THEORY 40% &amp; PROBLEMS 60%</b>		
<b>Course Outcomes</b>		
<b>CO1</b>	Recall the concepts in financial management.	
<b>CO2</b>	Apply the various capital structure theories.	
<b>CO3</b>	Apply capital budgeting techniques to evaluate investment proposals.	
<b>CO4</b>	Determine dividend pay-outs.	
<b>CO5</b>	Estimate the working capital of an organization.	
<b>Textbooks</b>		
1	R.K. Sharma, Shashi K Gupta, Financial Management, Kalyani Publications, New Delhi.	
2	M.Y. Khan and P.K.Jain, Financial Management, McGraw Hill Education, Noida.	
3	I.M. Pandey, Financial Management, Vikas Publications, Noida.	
4	Dr.S.N. Maheshwari, Elements of Financial Management, Sultan Chand & Sons, New Delhi.	
5	Dr.Kulkarni and Dr. Sathya Prasad, Financial Management, Himalaya Publishing House, Mumbai.	
<b>Reference Books</b>		
1	Prasana Chandra, Financial Management, Tata McGraw Hill, NewDelhi.	
2	I.M. Pandey, Financial Management, Vikas Publishing, Noida.	
3	Khan & Jain, Financial Management, Sultan Chand & Sons, New Delhi.	
4.	A.Murthy, Financial Management, ,Margham Publications, Chennai.	
5.	J. Srinivasan and P. Periyasamy, Financial Management, Vijay Nicole Publishers, Chennai.	
<b>NOTE: Latest Edition of Textbooks May be Used</b>		

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<b>Web Resources</b>	
1	<a href="https://efinancemanagement.com/financial-management/types-of-financial-decisions">https://efinancemanagement.com/financial-management/types-of-financial-decisions</a>
2	<a href="https://efinancemanagement.com/dividend-decisions">https://efinancemanagement.com/dividend-decisions</a>
3	<a href="https://www.investopedia.com/terms/w/workingcapital.asp">https://www.investopedia.com/terms/w/workingcapital.asp</a>

**MAPPING WITH PROGRAMME OUTCOMES  
 AND PROGRAMME SPECIFIC OUTCOMES**

	<b>PO 1</b>	<b>PO 2</b>	<b>PO 3</b>	<b>PO 4</b>	<b>PO 5</b>	<b>PO 6</b>	<b>PO 7</b>	<b>PO 8</b>	<b>PSO 1</b>	<b>PSO 2</b>	<b>PSO 3</b>
<b>CO1</b>	3	2	3	2	3	2	3	3	3	2	2
<b>CO2</b>	3	2	2	2	3	2	2	2	3	2	3
<b>CO3</b>	3	3	3	2	3	2	3	3	3	2	2
<b>CO4</b>	3	2	2	2	3	2	2	2	3	2	2
<b>CO5</b>	3	3	3	2	3	2	3	3	3	2	2
<b>TOTAL</b>	15	12	13	10	15	10	13	13	15	10	11
<b>AVERAG E</b>	3	2.2	2.6	2	3	2	2.6	2.6	3	2	2.1

**3 – Strong, 2- Medium, 1- Low**