

**DEPARTMENT OF COMMERCE**  
**SHYAM LAL COLLEGE, UNIVERSITY OF DELHI**

**Subject- DSE 3.2 Financial Management**

**Teacher-Prof. Kavita Arora**

**Course: B.Com Sem III**

<b>S.No.</b>	<b>From</b>	<b>To</b>	<b>Topics</b>
Week 1	1-Aug-24	3-Aug-24	Nature, Scope and Objectives of Financial Management
Week 2	5-Aug-24	10-Aug-24	Time Value of Money
Week 3	12-Aug-24	17-Aug-24	Risk and Return, Introduction to Capital Budgeting
Week 4	19-Aug-24	24-Aug-24	Cash Flow Estimation, Payback Period Method
Week 5	26-Aug-24	31-Aug-24	Accounting Rate of Return, Net Present Value and Internal Rate of Return Method
Week 6	2-Sep-24	7-Sep-24	Profitability Index method, Introduction to Cost of Capital
Week 7	9-Sep-24	14-Sep-24	Methods for Calculating Cost of Equity, Retained Earnings, Debt, Preference Shares
Week 8	16-Sep-24	21-Sep-24	Capital Structure Determinanants & Theories- Net Income, Net Operating Income
Week 9	23-Sep-24	28-Sep-24	MM Hypothesis, Traditional Approach
Week 10	30-Sep-24	5-Oct-24	Leverage - Operating Leverage, Financial Leverage, Combined Leverage
Week 11	7-Oct-24	12-Oct-24	Dividend Decision- Relevance, Determinants
Week 12	14-Oct-24	19-Oct-24	Theories for Relevance and Irrelevance of Dividend Decision
Week 13	21-Oct-24	26-Oct-24	Concepts of Working Capital, Operating and Cash Cycles, Sources of Short Term Finance
	28-Oct-24	2-Nov-24	<b>Mid Semester Break</b>
Week 14	4-Nov-24	9-Nov-24	Working Capital Estimation
Week 15	11-Nov-24	16-Nov-24	Cash Management, Recievables Management
Week 16	18-Nov-24	23-Nov-24	Inventory Management
Week 17	25-Nov-24	28-Nov-24	Revision

**Teaching Methods :** Discussions, Presentations, Illustrations and Case Studies, Projects

### Teaching Related General Guidelines

Total Number of theory lectures and practical assigned as per NEP Syllabus for the paper are 3 lectures and 1 practical per week (over 15 weeks period in III semester). One practical period will consist of 2 hours per batch per week.

Unit-wise breakup of 45 Lectures as given in syllabus and marks allocation were decided as follows

Unit	Lectures	Marks Allocation
<b>Unit 1: Introduction (3 hours)</b> Nature, scope and objectives of financial management. An overview of time value of money and risk and return.	3	09
<b>Unit 2: Capital Budgeting Decision</b> The Capital Budgeting Process, Cash Flow Estimation, Different techniques of Capital Budgeting: Payback Period Method, Discounted Payback Period Method, Accounting Rate of Return, Net Present Value (NPV), Internal Rate of Return (IRR) and Profitability Index.	12	18
<b>Unit 3: Cost of Capital and Financing Decision</b> <b>Cost of Capital:</b> Estimation of components of cost of capital, Method for calculating Cost of Equity, Cost of Retained Earnings, Cost of Debt and Cost of Preference Capital, Weighted Average Cost of Capital (WACC) and Incremental (Marginal) Cost of Capital. <b>Capital Structure:</b> Theories of Capital Structure (Net Income, Net Operating Income, MM Hypothesis, Traditional Approach). Operating, Financial and Combined Leverage. EBIT-EPS Analysis. Determinants of Capital Structure.	15	27

<b>Unit 4: Dividend Decision</b> Theories for relevance and irrelevance of dividend decision for corporate valuation- MM Approach, Walter's Model, Gordon's Model. Determinants of Dividend policy.	6	18
<b>Unit 5: Working Capital Decision</b> Concepts of Working Capital, Operating & Cash Cycles, Risk-return Trade off, Working capital estimation. Receivables management.	9	18
<b>Total</b>	<b>45</b>	<b>90</b>

**Unit wise detailed guidelines were finalized as follow.**

**Unit 1: Introduction:** The unit contains all theoretical topics including risk and return and numerical problems from Time Value of Money only.

**Unit 2: Capital Budgeting Decision:** Theoretical questions may be asked along with numerical questions on different techniques of capital budgeting. (No numerical questions based on block of assets concept and capital rationing)

**Unit 3: Cost of Capital and Financing Decision:** Theoretical questions from the entire unit along with numerical questions on calculation of specific cost of capital, (excluding variable dividend growth model, CAPM and realized yield approach in cost of equity), Weighted Average Cost of Capital (WACC). Similarly, numerical questions will also be asked on theories of Capital Structure (Net Income, Net Operating Income, MM Hypothesis, Traditional Approach), Operating, Financial and Combined Leverages. EBIT-EPS Analysis including Financial Break-Even Point and indifference point.

**Unit 4: Dividend Decision:** Theoretical questions from the entire unit along with numerical questions on MM Approach, Walter's Model, Gordon's Model.

**Unit 5: Working Capital Decision:** Theoretical questions from the entire unit along with numerical questions on determination of Operating & Cash Cycles, Working capital estimation and credit policies.

**Examination:** Examination scheme will be as decided by the University from time to time.

**Theory Examination:** At present, theory examination will consist of 90 marks for semester end examination plus 30 marks for Internal Assessment.

**Practical Examination:** The practical examination as per present guidelines will consists of 10 marks for Continuous Assessment, 20 marks for Practical Examination and 10 marks for Viva-Voce.

**Topics for Practical Examination:** In practical examinations students will be asked to solve practical problems on estimations of cash flows, methods of Capital budgeting, cost of capital, dividend decisions and working capital estimation with the help of Excel Applications. (Students will be required to do 4 out of 6 practical questions)