

Department of Commerce
University of Delhi

Course: B.Com. (Prog.)
Semester: V
Subject: Fundamentals of Financial Management
Paper No.: BC 5.2(a)

The meeting for the above-mentioned paper was held at Zakir Husain Delhi College on 8th August, 2017 at 2.00 p.m. The following guidelines were set in the meeting with the consent of all teachers and representative of Department of Commerce, University of Delhi:

Unit Wise Guidelines

Total Lectures: 75

Unit I

8 Lectures

Nature, Scope and Objectives of Financial Management, Time Value of Money, Risk and Return- Concept and Calculation (including Capital Asset Pricing Model).

Guidelines:

- *No practical question from risk and return (Including Capital Asset Pricing Model).*

Unit II

20 Lectures

Long-term Investment Decisions: The Capital Budgeting Process, Cash Flow Estimation, Payback Period Method, Accounting Rate of Return, Net Present Value (NPV), Net Terminal Value, Internal Rate of Return (IRR), Profitability Index.

Guidelines:

- *No practical question should be asked from depreciation in case of block of assets.*

Unit III

25 Lectures

Financing Decisions: Sources of Long-Term Financing, Estimation of Components of Cost of Capital, Methods for Calculating Cost of Equity, Cost of Retained Earnings, Cost of Debt and Cost of Preference Capital, Weighted Average Cost of Capital (WACC). Capital Structure-Theories of Capital Structure (Net Income, Net Operating Income, MM Hypothesis, Traditional Approach). Operating and Financial leverage. Determination of Capital Structure.

Guidelines:

- *No practical questions from Variable Growth Model in case of cost of equity.*

Unit IV

9 Lectures

Dividend Decisions: Theories for Relevance and Irrelevance of Dividend Decision for Corporate Valuation- Walter's Model, Gordon's Model, MM Approach, Cash and Stock Dividend, Dividend Policies in Practice.

Guidelines:

- *No practical question from stock dividend.*

Unit V

13 Lectures

Working Capital Decisions: Concept of Working Capital, Operating & Cash Cycles, Sources of Short-Term Finance, Working Capital Estimation, Cash Management, Receivables Management and Inventory Management.

Guidelines:

- *Practical Question should be asked from:*
 - *Estimation of Net Working Capital,*
 - *Operating Cycle,*
 - *Receivables Management, and*
 - *Economic Order Quantity (EOQ).*
- *No practical questions on cash management.*

Mr. Mukesh Kumar Jain,
Convener

Dr. Amit Kumar Singh,
Coordinator