# CORE COURSE – XIII

## Objective:

**FINANCIAL MANAGEMENT**

To enable the students to know the principles and practices of managing finance.

## Unit - I

Financial Management: Meaning and scope – Objectives: Profit maximization, Wealth maximization – Functions – Financial decisions – Time value of money: Present value and Compound value – Cost of capital – Cost of debt – Cost of preference share capital – Cost of equity – Cost of retained earnings – Weighted average cost of capital.

## Unit - II

Capital structure – Meaning and features – Factors determining capital structure – EBIT- EPS relationship – Indifference point of EBIT – Theories of capital structure: Net income approach, Net operating income approach, MM approach and Traditional approach.

## Unit - III

Leverage – Meaning, significance and types – Operating leverage - Financial leverage – Combined leverage – Dividend policy – Determinants of dividend policy – Theories: relevance and irrelevance with value of firm – Forms of dividend – Stock dividend – Bonus issue – Stable dividend.

## Unit - IV

Working capital management – Determinants of working capital – Forecasting of working capital requirements – Cash management – Motives of holding cash – Stages in cash management: Cash planning, Collection and disbursement of cash, Optimum cash balance – Boumul model – Investment of surplus cash.

## Unit - V

Receivables management – Objectives – Factors influencing size of receivables – Credit policy – Credit standard – Credit term – Collection policy – Incremental analysis – Inventory management – Meaning – Types of inventory – Purpose of holding inventory – Excess or inadequate inventory – EOQ – Levels of stock: reorder level, minimum level and maximum level

– Techniques – ABC, VED, FSN and HML analysis.

## Theory: 20% Problem: 80%

**Text and Reference Books (Latest revised edition only)**

1. Elements of financial management by S.N.Maheswari – Sultan Chand & Sons., New Delhi
2. Financial Management by R.K.Sharma – Kalyani publishers, New Delhi
3. Financial Management by R.Ramachandran&R.Srinivasan – Sriram publication, Trichy
4. Theory and Problems of Financial management by Khan & Jain, McGraw Hill Publication, New Delhi
5. Financial Management by S.P.Guptha, SahityaBhavan Publication, New Delhi

## Objective:

**CORE COURSE – XIV**

**INCOME TAX THEORY, LAW & PRACTICE**

**Unit- I**

To enable the students to know the provisions of income tax.

Basic concepts – Definition - previous year –assessment year – person, assessee, income,

total income, casual income, capital and revenue - residential status and incidence of tax, incomes exempt under section 10.

## Unit- II

Salary – Basis of charge – different forms of salary, allowances, perquisites and their valuation – deduction from salary –Computation of taxable salary.

## Unit- III

House property – basis of charge – determination of annual value - GAV, NAV – income from let-out property – self occupied property – deductions-Computation of

taxable income.

## Unit- IV

Profits and gains of business and profession – basis of charge – methods of accounting – deductions – dis allowances, Computation of taxable income.

## Unit - V

Capital gains – basis of charge – short and long term capital gains – indexed cost of acquisition and improvement – exemptions – chargeability of short and long term capital gains – computation of taxable capital gains. Income from other sources – interest on securities, etc. deduction under Sec 80C – Introduction to direct taxes code.

Theory: 25% Problem: 75%

## Text and Reference Books (Latest revised edition only)

1. Students Guide to Income Tax by Vinodh K. Singhania, Taxmann Publications, New Delhi
2. Income tax by T.T.Gaur&Narang, Kalyani publishers, Chennai.
3. Income Tax Law and Practice by A. Murthy – Vijay Nicole Imprints (P) Ltd, Chennai.
4. Income tax – Law & Practice by DinkarPagare – Sultan Chand & Sons, New Delhi.
5. Income tax by T.S.Reddy&Hari Prasad Reddy, MarghamPublications, Chennai.
6. Income tax by Bhagwati Prasad – Vishnu Prakasham publication, Chennai.

# CORE COURSE – XV FINANCIAL SERVICES

## Objective:

To enable the students to know the nature and types of financial services.

## Unit - I

Financial services – Meaning – Classification – Financial products and services – Challenges facing the financial service sector – Merchant banking– Meaning – Functions

– SEBI Guidelines – Scope of merchant banking in India. NBFCs – RBI guidelines.

## Unit - II

Hire purchase – Meaning – Features – Process – Hire purchase and credit sales – Hire purchase vs Instalment purchase – Banks and hire purchase business – Hire purchase and transport industry – Leasing – Concept – Steps involved in leasing – Lease vs Hire purchase – Types of lease – Problems and prospects of leasing in India.

## Unit - III

Mutual funds – Meaning – Types – Functions – Advantages – Institutions involved – UTI, LIC, Commercial banks – Entry of private sector – Growth of mutual funds in India

– SEBI Guidelines – AMC.

## Unit - IV

Venture capital – Meaning – Features – Methods of venture capital financing – Modes of venture financing – Venture capital investment process – Factors determining venture investment – Exit mechanism – Advantages of venture capital – Issues of Indian venture capital industry.

## Unit - V

Factoring – Concepts – Significance – Types – Factoring mechanism – Factoring vs bills discounting – Factoring in India – Forfaiting – Meaning – Forfaiting vs Export factoring

– Problems of Forfaiting/ factoring.

## Text and Reference Books (Latest revised edition only)

1. Financial markets & services by E.Gordon and K.Natarajan – Himalaya publishing house, New Delhi
2. Financial services by E.Dharmaraj – S.Chand & Co., New Delhi
3. Financial Services by S.Mohan and R.Elangovan – Deep and Deep Publications, New Delhi
4. Financial Services by S. Gurusamy – Vijay Nicole Imprints (P) Ltd, Chennai
5. Lease Financing and Hire Purchase by Vinod Kothari – Wadhaw and Co., Nagpur