School of Commerce
M.Com. Programme

Subject Code& Name: - MC02MDSC01: Financial Management-II
Teaching and Evaluation Scheme:

Teaching Scheme				Examination Scheme			
Credits				Component Weightage			
				CCE		SEE	
L	T	P	Total	TH	PWE	TH	PWE
4	0	0	4	50	0	50	0

Programme Name	M. Com
Semester	2
Course Code	MC02MDSC01
Course Title	Financial Management-II
Course Content Type (Th./Pr.)	Th.
Course Credit	4
Sessions+ Lab. Per Week	N/A
Total Teaching/Lab. Hours	60 Hours
* 2 Laboratory = 1 Session	

Learning Objectives

1. To remember the fundamental concepts, definitions, and theories related to capital budgeting, working capital, cash management, inventory management, leverage, and dividend policy.
2. To understand the significance, processes, and factors affecting various financial management decisions within an organization.
3. To apply financial techniques and models—such as PBP, ARR, NPV, PI, IRR, EOQ, and dividend models—to solve practical financial problems.
4. To analyse the relationships between different financial variables, such as the impact of leverage or credit policies on organizational performance.
5. To evaluate various capital budgeting proposals and dividend policies to make informed financial decisions.
6. To create comprehensive financial strategies by integrating theoretical knowledge of cash, receivables, inventory, and leverage management.

Prerequisites (if any)

Learning Outcomes

After completion of the course, learners will be able to:

1. To identify and define key terminologies and concepts in capital budgeting, working capital, and cash management.
2. To describe the nature, importance, and processes involved in managing capital, cash, and inventories

3. To calculate financial metrics using various techniques, including Pay Back Period, ARR, NPV, IRR, and EOQ.
4. To classify the types of working capital, leverage, and receivable management strategies.
5. To assess the effectiveness of different dividend policies, including Walter's, Gordon's, and Modigliani-Miller models, in a business context.
6. To design effective credit policies and management strategies for accounts receivable and cash flow optimization.

Detailed Contents

UNIT	TOPIC/SUB-TOPIC	TEACHING HOURS
I	**CAPITAL BUDGETING** ➢ Meaning ➢ Nature ➢ Significance ➢ Capital Budgeting process ➢ Types of Capital Budgeting Decision ➢ Techniques of Capital Budgeting:(Examples) Pay Back period technique (PBP) • Accounting rate of return technique(ARR) • Discounted cash flow techniques: Net Present Value(NPV), Profitability Index(PI) & Internal Rate of Return (IRR) **(Theory and Examples)**	15
II	**MANAGEMENT WORKING CAPITAL AND ACCOUNT RECEIVABLES** **(A) Management Working Capital** ➢ Meaning ➢ Types of Working Capital ➢ Significance ➢ Factors affecting working capital requirement ➢ Operating or Working Capital Cycle **(B) Management of Accounts Receivable** ➢ Meaning of Receivables and Receivable Management ➢ Purpose (Objectives) of Receivables ➢ Cost of maintaining Receivables ➢ Factors affecting the size of receivables ➢ Scope of Receivable Management: Formulation of Credit Policy, Credit Evaluation, Credit Control **(Theory only)**	15

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III	**CASH MANAGEMENT, INVENTORY MANAGEMENT AND LEVERAGE** **(A) Cash Management** ➢ Meaning and Nature of Cash ➢ Motives for holding cash ➢ objectives of cash Management ➢ Dimensions of cash management-Cash Planning, Managing the cash flows, determining optimum level of cash & investing surplus cash. (Theory only) **(B) Inventory Management** ➢ Meaning of inventories & inventory management ➢ Objectives ➢ Importance ➢ Inventory Management techniques - EOQ & levels of inventory (Theory only) **(C) Leverage** ➢ Meaning of Leverage ➢ Importance ➢ Types of Leverages-, Operating Leverage, Financial Leverage and combined Leverage ➢ Degree of each leverage **(Theory and Examples)**	15
IV	**DIVIDEND POLICY DECISION** ➢ Forms of Dividend payment ➢ Significance of Dividend Policy in Financial Decision ➢ Variables influencing Dividend decision ➢ Walter's Model ➢ Gordon's Model ➢ Modigliani - Miller's Model. **(Theory and Examples)**	15

Text Book(s)

Reference Books

1. Chandra, P. Fundamentals of Financial Management. McGraw Hill Education
2. James C. Van Horne & Sanjay Dhamija, Financial Management & Policy, Pearson Edu.
3. Khan and Jain. Basic Financial Management, McGraw Hill Education, New Delhi
4. Pandey, I.M. Financial Management. Vikas Publications, New Delhi
5. Rustagi, R.P. Fundamentals of Financial Management. Taxmann Publication Pvt. Ltd.
6. Singh, J.K. Financial Management- text and Problems. 2nd Ed. Dhanpat Rai & Co. Delhi.
7. Singh, Surender and Kaur, Rajeev. Fundamentals of Financial Management. Mayur Paperback, New Delhi

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Web Resources
1. https://www.youtube.com/watch?v=CCQwz_Gwo6o&t=49s
Required Software(s) (if any)
Practical(s) (if any)

L:: Lecture, **T::** Tutorial , **P::**Practical

CCE:: Continuous and Comprehensive Evaluation

(CCE Theory includes Mid Semester Examination, Assignment, MCQ quizzes, Seminar, Reflective notes, class participation, case analysis and presentation, slip tests (announced/ surprised), attendance etc. or any combination of these)

PWE:: Practical Work Examination

(PWE includes Laboratory practical work, project work, viva simulation exercise work etc.)

SEE:: Semester End Evaluation