

## **SEMESTER III**

### **PAPER 1-INCOME TAX PLANNING AND MANAGEMENT**

#### **Objectives**

1. To expose the students to the latest provisions of Income Tax Act.
2. To identify the Tax Planning and Assessment Procedures for Individuals, Firms and Companies.

#### **Expected Outcome**

Students will get working knowledge regarding legitimate way of tax planning under different financial/ managerial decisions after taking into consideration the impact of Direct Tax Laws.

**Teaching Hours: 108**

**Number of Modules: 6**

#### **Module I**

Heads of Income- Income from Salary- Income from House Property- Income from Business or Profession- Capital Gains- Income from Other Sources- Computation of Total Income.

**(25 Hours)**

#### **Module II**

Clubbing of Income- Aggregation of Income- Set off and Carry forward of Losses- Deduction from Gross Total Income

**(10 Hours)**

#### **Module III**

Tax Planning- Tax Management- Tax Evasion- Tax Avoidance- Nature and Scope of Tax Planning and Management- Significance of Individual, Firm, and Corporate Tax Planning and Management

**(8 Hours)**

#### **Module IV:**

##### **Assessment of Individuals and Firms**

Assessment of Individuals-Tax Incidence on Individuals- Taxable Income – How Computed-Problems on Computation of Taxable Income- Hints for Tax Planning of Individuals-Assessment of Firms- meaning of Partnership – conditions of 40 (b)- Change in Constitution of Firm- carry forward and set off of loss in the case of change in constitution- Computation of Income of Firm- Tax- Assessment of Partners of a firm- Hints for Tax Planning.

**(25 Hours )**

## **Module V:**

### **Assessment of Companies**

Definitions- Taxable Income and Tax Liability- How Computed- Minimum Alternative Tax- Tax on distributed profits of domestic companies- tax on income distributed to unit holders- Tax on income received from venture capital companies and venture capital fund- Problems on Computation of Taxable Income of Corporate Assessee. Tax Planning and Management Decisions- Tax Planning with reference to Financing and Investment Decisions – Make or Buy- Own or Lease- Repair or Replace- Employee Remuneration- Setting up of New Business- Location Aspect- Amalgamation or Demerger

**(30 Hours )**

## **Module VI: Double Taxation Relief**

Meaning- Double Taxation Relief Applicable to Individuals, Firms and Corporate- Double Taxation Avoidance- GAAR ( General Anti Avoidance Rules )

**( 10 Hours )**

NB: 1. Some Case Studies Involving the Learning

3. Necessary Inputs from B. Com Programme

## **Suggested Readings**

### **Books**

1. Singhania, V.K: Direct Tax Planning and Management, Taxman, N.Delhi
2. Singhania V. K: Direct Taxes Laws and Practices, Taxman, N. Delhi
3. E. A Srinivas: Corporate Tax Planning: Corporate Tax Planning; Tata Mc – Graw Hill
4. Mehrotra HC : Direct Tax Planning
5. Kushal Kumar Agrawal: Direct Tax Planning and Management; Atlantic Publishers
6. Bhagavath Prasad: Direct Tax Law and Practice
7. Lakhota RN : Corporate Tax Planning

### **Journals and Circulars**

1. Chartered Accountant Today – Taxman for Current Reading
2. Circulars Issued by CBDT
3. Journal Chartered Accountant.

## SEMESTER III

### PAPER 2-SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

#### Course objectives

The course aims at providing the students a comprehensive understanding on the areas of security analysis and portfolio management and acquainting them with various tools and techniques for making prudent investment decisions. It focuses on the principles of security analysis and the development of skills in portfolio management.

This course takes inputs from IFM and Financial services at graduate level.

#### **Module I**

Investment – meaning and definition – factors affecting investment – investment, speculation and gambling – investment avenues – objectives – process.

Valuation of securities – return and risk – risk free return and risk premium – nominal rate and real rate - present value and future value – types of risk – interest rate risk – credit/default risk – exchange rate risk – marketability/price risk etc. – valuation of fixed income securities/ bond valuation – interest rate risk - credit/default risk – exchange rate risk – marketability/price risk etc. – valuation of fixed income securities/ bond valuation – intrinsic value and market value – yield to maturity(YTM) – yield to call (YTC) – yield curve – term structure theories – Maculay’s bond duration – valuation of equity – single period and multi – period valuation models – dividend growth models – P/E ratio model.(Illustrations)

20 Hrs.

#### **Module II**

Security analysis – meaning – approaches – fundamental analysis – economy analysis – domestic and international factors – economic forecasting – industry analysis – industry life cycle – structure analysis – trend analysis – company analysis – ratio analysis, temporal and cross sectional.

10 Hrs

#### **Module III**

- a. Technical analysis – concept – Dow theory – Elliot wave theory – types of charts – line charts, bar charts – Japanese candlestick charts – technical market indicators – patterns – trend and trend reversals – continuation patterns – mathematical indicators – moving average: simple and exponential – rate of change indicator – RSI – moving average convergence and divergence – breadth of the market.

- b. Efficient market hypothesis(EMH) - market efficiency – requirements of market efficiency – forms of market efficiency – weak form/random walk model – tests – semi strong form of market efficiency – tests – strong form market efficiency – tests – difficulties in testing market efficiency.

20 Hrs.

#### **Module IV**

Portfolio management: portfolio analysis and selection – measurement of return – individual securities and portfolios – measurement of risk – individual securities and portfolios – portfolio diversification – variance covariance analysis – systematic and unsystematic risk – portfolio selection – Markowitz Portfolio Theory (MPT) – feasible set – efficient frontier – utility analysis – Sharpe’s single index model – Capital Asset Pricing Model (CAPM) - factor models – APT – Fama French three factor model. (Illustrations)

20 Hrs.

#### **Module V**

Portfolio management: revision and evaluation plans – portfolio revision – need – factors affecting portfolio revision – active revision strategy – index portfolio – tracking – passive revision strategy – formula plans – constant rupee value plan – constant ratio plan – variable ratio plan – rupee cost averaging – merits and demerits of portfolio revision – portfolio performance evaluation – need – benchmarks, Sharpe reward to variability ratio – Traynor reward to volatility ratio – Jensen’s performance index – Fama’s decomposition model. (Illustrations)

20 Hrs

#### **Module VI**

Financial derivatives – meaning and definition – scope and importance – features – benefits – significance - types of derivatives – forwards – merits and demerits – Futures – types: stock and index futures – trading cycles – margin system – clearing and settlement - forwards Vs. futures – benefits of futures – options – American style and European style – put and call - options – option quotations – option writing – swaps – interest rate swaps – foreign exchange swaps – Applications of derivatives for hedging, speculation, arbitrage.(Illustrations)

18 Hrs.

## References

1. Bhalla V K, Investment Management, S Chand & Co.
2. Bodie, Kane, Marcus and Mohanty, Investments, TMH
3. Donald E Fischer and Ronald E Jordan, Security Analysis and Portfolio Management, Pearson Education
4. Frank J Fabozzi, Franco Modigliani et.al., Foundations of financial markets and institutions, Pearson Education.
5. Gordon J Alexander, William F Sharpe and Jeffrey V Baily, Fundamentals of Investments, Pearson Education
6. John C Hull, Options, Futures and other Derivatives, Pearson Education.
7. Kevin S, Security Analysis and Portfolio Management, PHI
8. Kumar S S S, Financial Derivatives, PHI
9. Presanna Chandra, Investment Analysis and Portfolio Management, TMH
10. Punithavathy Pandian, Security Analysis and Portfolio Management, Vikas Publications
11. Reghunathan, Investment Analysis and Portfolio Management, Pearson Education.
12. Sidney Cottle, Roger F Murray and Frank E Block, Security Analysis, TMH
13. Stephen H Penman, Financial Statement Analysis and Security Valuation, TMH

## SEMESTER III

### PAPER 3- STRATEGIC FINANCIAL MANAGEMENT

- Objective:** 1. To convey the basic concepts of strategic financial management.
2. To impart knowledge on strategies that support corporate finance.

#### Module 1

**Concepts of strategic financial management-** Strategic Business Units- responsibility Accounting- Strategies for wealth maximization- Investment decisions, financing decisions, dividend decisions, and working capital management.- strategic management for sustainable success, 9 s model.

#### Module 2

**Internal Cost- Profit Analysis- Strategic cost analysis,** Cost- Profit- Sales analysis using product and project, present performance and result ratio, analysis of post expansion

#### Module 3

**Financial aspects of corporate restructuring-** meaning of corporate restructuring, symptoms, financial symptoms, restructuring plan, various aspects of financial restructuring, consolidation of value change , restructuring through Amalgamation and Mergers, restructuring of sick organization .

#### Module 4

**Financial Engineering** – innovative financial engineering, innovative project finance instruments, venture finance, dealer finance, structured finance, Special Purpose Vehicles.

#### Module 5

Ethical issues in strategic finance- finance manager as a strategist- assessment of ethical financial performance- accounting disclosure for ethical financial management- transparency in operation

## References:

1. Richard batler, Lesle Davis, Richard Pike and Joh Shine- Strategic Investment Decisions, Routledge, London and New York
2. NENAD DACEK,- The Future of business in emerging markets- Marshall Caven dish. Business
3. Samuel C Weaver, J Fred Weston: Strategic Financial Management- Application of Corporate Finance, Thomson Higher Education , USA
4. G.P Jakhotiya, Strategic Financial Management, Vikas Publishing House Pvt. Ltd.
5. John k Shank, Vijay Govindarajan- Strategic Cost Management- The new Tool for Competitive Advantage- The free press.
6. David Allen- An Introduction to strategic Financial Management- The key to long term profitability- Kogan Page

## SEMESTER III

### PAPER 4-Advanced Cost and Management Accounting

#### OBJECTIVES

- (i) To comprehend and familiarize the established techniques, methods and practices in advanced Cost and Management Accounting to the students.
- (ii) To introduce the evolving dynamic Cost and Management Techniques developed to support the emerging business models.

#### Module-I

##### Marginal Costing Techniques for Decision Making

Meaning of marginal cost Equation and Marginal costing. *Role of Marginal costing in decision making*-fixation of selling price, Accepting additional orders, Quotations, Make or buy decisions, Key Factor Analysis, Own or Lease, Sell or further process, Closing down or suspending activities. **(14Hrs)**

#### Module-II

##### Process Costing Application

Features of Process Costing its applications in different situations- Inter process profits, Work in Progress, Calculation of Equivalent Production and its procedure under different cases namely (a) When there is only closing work in progress, but with no process losses. (b) When there is only closing work in progress, but with process losses (c) When there is opening as well as closing Work in Progress, but with no process loss. **(17Hrs)**

#### Module-III

##### Standard Costing and Variance Analysis

(a) Material Variance( **Review only**)-Material cost variance, Material price variance, Material usage variance, Material Mix Variance, Material Yield Variance, (b) Labour Variance-Labour cost variance, Labour Efficiency variance, Labour Idle time variance, Labour Mix Variance, Labour Yield Variance,(c) Overhead Variance-Fixed overhead variance, Variable overhead



variance, Volume Variance, Expenditure variance, Capacity variance, Calendar Variance, Efficiency Variance (d)Sales Variance-Total Sales Variance, Sales price variance, Sales Volume Variance, Sales Mix Variance, Sales Quantity Variance. Reconciliation of Budgeted Cost and Revenue with the help of Variances. **(18Hrs)**

#### **Module-IV -**

##### **Transfer Pricing Applications**

Concept, Divisional performance, Alternative Transfer pricing methods-Market based Transfer pricing, Marginal cost Transfer pricing, Full cost Transfer pricing, Cost plus mark up Transfer pricing, Negotiable Transfer pricing, Marginal cost and Opportunity cost Transfer pricing, International Transfer pricing. **(14Hrs)**

#### **Module- V**

##### **Ratio analysis, Fund flow analysis and Cash flow analysis**

Liquidity Ratio, Leverage Ratio, Capital structure ratio, Profitability ratio, Turnover ratio –Fund flow analysis and Cash flow analysis. **(22Hrs)**

#### **Module- VI**

##### ***Evolving Cost management Practices***

###### **(a)Activity Based Costing (5 Hrs)**

Need for emergence of Activity Based Costing (ABC), Concept of ABC, How to develop an ABC system, Allocation of overheads under ABC, Implementation of ABC, Support of ABC system towards corporate strategy, Practical Problems based on basic concepts.

###### **(b)Target Costing (4 Hrs)**

Origin, definition, steps towards target costing, Target costing process, features and Advantages, Practical Problems based on basic concepts.

**(c) Life Cycle Costing (4 Hrs)**

Life Cycle Costing (LCC), stages of product life cycle, benefits of product life cycle costing, Life Cycle Costing process- Costing for different stages, Practical Problems based on basic concepts.

**(d) Total Quality Management (4 Hrs)**

Quality as a corporate strategy, TQM and role of Management Accountant, Classification of Quality Costs, Practical Problems based on basic concepts.

**(e) Economic Value Added (6Hrs)**

Concept, Need and significance, Return on Capital base, Residual Income, Divisional Performance measurement, merits over traditional performance measures. **(23Hrs)**

**Reference Books**

Advanced Cost and Management Accounting SP Jain, KL Narang, SimmiAgrawal, Kalyani Publishers, New Delhi.

Prasad.N.K. Advanced Cost Accounting, Book syndicate Pvt.Ltd, Kolkata

Khan.M.Y. and Jain P.K. Advanced Cost Accounting, Tata McGraw Hill Publishing Co.Ltd.New Delhi.

Arora M.N. Principles and Practices of Cost Accounting-Vikas Publishing House New Delhi

Maheswari SN. Cost and Management Accounting, Sultan Chand and Sons, NewDelhi.

Thulsian.PC. Practical Costing, Vikas Publishing House New Delhi

Colin Drury, Management and Cost Accounting, Cengage Learning India Pvt.Ltd, New Delhi.

Horngren, Foster and Datar, Cost Accounting A Managerial Emphasis, Prentice Hall of India Pvt.Ltd, New Delhi.

