

TRIBHUVAN UNIVERSITY
INSTITUTE OF SCIENCE AND TECHNOLOGY
SCHOOL OF MATHEMATICAL SCIENCES
Bachelor in Mathematical Sciences (B.Math.Sc.)

Course of Study

Code No.: MSAC 351

Paper: **Corporate and Managerial Accounting**

Nature: Theory

Full Marks: 75

Pass Marks: 30

Credit: 3

Course Description

The course covers to Corporate governance and organization, Sources of financing, Introduction of taxation, Capital structure and dividend policy, Financial restructuring, Cost of capital, Analysis of capital budgeting.

Course Objectives

On successful completion of the course the student will be able to provide students and understanding of concept and the theories of corporate finance and develop skills to analyze issues in corporate finance for sound financial decision in business.

Mode of Delivery

The course will be taught by lecture (48 hrs), and problem solving and class discussion (24 hrs). The use of spreadsheet software for problem solving will be encouraged.

Contents:

Unit 1 Corporate Governance and Organization

6 hrs

Concept of corporate governance and organization, Types of firm/organization, Types of Joint Stock Company, Advantages and Disadvantage of Corporate Finance, Financial and real resources, Agency problems, Capital market, Goal of firm/organization, Corporate social responsibilities, Outline the strategies employer by managers to maximize Shareholders wealth.

Unit 2 Sources of Financing

6 hrs

Concept of financing Sources, Differences types of short term, medium term and long term of company finance, Alternative method of raising finance outside the regular banking, Role of underwriting in the issue of securities.

Unit 3 Introduction of Taxation

6 hrs

Basic principle of personal taxation of income and capital gains, Basic principles of company taxation, Different system of company taxation from the points of view of an individual shareholders and the company, Basic principles of double taxation relief.

- Unit 4 Capital Structure and Dividend Policy** **6 hrs**
Concept of capital structure and dividend policy, Capital structure and taxation, Capital structure and firm value, Dividend policy and firm value, Relationship between growth and profitability, Constraints of firms growth
- Unit 5 Financial Restructuring** **7 hrs**
Concept of Merger and Acquisition, Motives of Merger, Types of Merger, Methods of evaluating Target Company, Leverage buyout
- Unit 6 Cost of Capital** **7 hrs**
Meaning and concept of cost of capital, Determining component of cost of capital, Cost of equity and the capital assets pricing model (CAPM), Weighted Average cost of capital
- Unit 7 Analysis of Capital Budgeting** **10 hrs**
Concept and meaning of cost of capital, Types of proposal, Capital Budgeting Process
Estimation of Cash Flow: Net Investment cost or Net cash outlay (NCO), Depreciation of the project Annual Cash Flow after tax, Evaluation technique of project: Traditional method and discounted cash flow method.

References

1. Van Horne James, C., (2002), *Financial Management and Policy*, 12/E, Pearson Education India.
2. Brealey, R. A., Myers, S. C., Allen, F., and Mohanty P. , (2012), *Principles of Corporate Finance*, Tata McGraw-Hill Education.
3. Ehrhardt, M. C., and Brigham, E. F., (2011), *Financial Management: Theory and Practice*, South-Western Cengage Learning.
