

VEER NARMAD SOUTH GUJARAT UNIVERSITY



UNDER GRADUATE DIPLOMA IN FINANCIAL MANAGEMENT

(1 YEAR)

(2006-07)

(10+2)

Paper- I

Understanding of Financial Management

Paper- II

Appraisal and Analytical tools in Financial Management

Paper- III

Policy matters in Financial Management

Paper- IV

Working Capital Management

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FINANCIAL MANAGEMENT

Paper- I
Understanding of Financial Management

Objective : To acquaint the students with fundamentals of financial management.

Course Content :

1. Financial Management- Overview, meaning, and evolution. Goals of financial management, Scope and overview of Indian financial system,
2. Types of capital-short term and long-term capital. Need for long term capital, sources of long term capital- equity shares, preference shares, debentures, bonds, lease financing.
3. Issue of shares and debentures, procedure and allotment
4. Capital structure -meaning, types, factors affecting capital structure and valuation.
5. Dividend-meaning, forms of dividend, types of dividend policies, factors affecting dividend policies.
6. Regulatory framework for financial markets in India: Overview.
7. Listing of shares in stock exchange, listing requirements and importance of listing.

Note: Weightage to each topic will be equal.

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Paper- II

Appraisal and Analytical tools in Financial Management

Objective: To impart Knowledge of appraisal tools and develop the skills of using the different tools for evaluating the financial position.

Course Content :

1. Techniques of project appraisal (Capital budgeting) – Pay back period method, Accounting rate of return method and discounted cash flow techniques. Incorporation of risk factor.
2. Ratio analysis- introduction, all categories, limitation in use of ratio analysis.
3. Fund flow analysis- concept of fund and flow. Fund flow statement v/s P&L a/c. Uses and drawbacks of fund flow analysis.
4. Break even analysis- cost volume profit relationships.- Meaning, procedure, limitations and calculations.
5. Concept and measurement of cost of capital
6. Operating, Financial and combined leverage.

Note: Weightage to each topic will be equal.

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Paper- III

Policy matters in Financial Management

Objective: To enable the students to understand the importance of different financial policies in financial management and to develop the skills of making policy decisions.

Course Content :

1. Shareholder's value creation and corporate financial policy and strategy.
2. Policy regarding capital structure: policies regarding use of debt capital, debt equity ratio, payment of interest and redemption of long term debt-factor influencing policy decisions, designing of capital structure.
3. Policy regarding merger, acquisition, spin off, split up and take over.
4. Dividend policy – types and factors affecting dividend policy.
5. Business valuation
6. Financial assets and instruments – mutual fund, housing finance, leasing, venture capital, factoring, money and market mutual funds, depositories.

Note: Weightage to each topic will be equal.

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Paper- IV

Working Capital Management

Objective: To acquaint the students with different tools and techniques of working capital management.

Course Content :

1. Meaning of working capital, concept of total working capital and net working capital, types of working capital.
2. Methods of determining total working capital.
3. Components of working capital-cash, receivables and stock
4. Management of cash- objectives of motives of maintaining cash balance, liquidity v/s profitability, different aspect of cash management like planning and controlling of cash flows, determining optimum cash balance, investment of surplus cash.
5. Management of receivables- cost of receivables, factors affecting the level of receivables- credit terms, credit standards and collection policy. Techniques of controlling receivables.
Management of inventory or stock- need for maintaining stock, techniques of inventory control.

Note: Weightage to each topic will be equal.

REFERENCE BOOKS:

1. Financial Management by I M Pandey 8th ed.2002. Vikas Publishing House Pvt. Ltd., New Delhi.
2. Financial Management : Text, problems and cases by Khan and Jain 4th ed 2004. Tata Mc Graw Hill Pub.Co.Ltd., New Delhi.
3. Financial Management and policy by V K Bhall 2nd ed.1998. Anmol Publication Pvt.Ltd., New Delhi.
4. Indian Financial System by Vasant Desai 4th ed. 2001. Himalaya Publishing House, Mumbai.
5. Indian Financial System by Deodhar, Abhayakar 2nd ed.2003. Himalaya Publishing House, Mumbai.
6. Financial Management : Text and Problems by Khan and Jain 3rd ed. Tata Mc Graw Hill Pub.Co.Ltd., New Delhi.
7. Financial Management by S.C.Kuchhal
8. Financial Management by Prasanna Chandra
9. Financial Management by Dr.S.N.Maheshwari
10. Accounting and Financial Management by D.R.Patel. Atul Prakashan. Ahmedabad.