

Veer Narmad South Gujarat University, Surat

Proposed Syllabus for Paper - Financial Management

S.Y.BBA SEMESTER – IV

- 1 INTRODUCTION TO FINANCIAL MANGEMENT 15%**
 - Evolution of FM-3
 - Goals of FM: Profit Maximization and Shareholders/ Wealth Maximization
 - Relationship of FM with other disciplines Economics, Accounting and other Management areas
 - Finance Function
 - Functions of Finance Manager

- 2 THE INDIAN FINANCE SYSTEM – AN OVERVIEW 10%**
 - Financial Markets: Role, Types, Structure
 - Financial Intermediaries: Meaning, Structure
 - Financial Assets: Meaning, Types
 - Foreign Exchange Market: Introduction, Factors affecting Forex Rates, Risk Management tools (Forwards, Futures, Options, Swaps) – Definition,

- 3 SOURCE OF LONG TERM FINANCE 10%**
 - Features, Merits and demerits of raising the following forms of finance from the point of view of investor/lender and company
 - Retained Earning
 - Equity Shares
 - Right Shares (Brief Idea)
 - Preference Shares
 - Debentures
 - Term Loans
 - Global Depository Receipt (GDR)
 - Comparison between all the above forms of finance

- 4 CAPITALISATION 5%**
 - Concept of Capitalisation
 - Actual and proper Capitalisation
 - Over capitalisation: Meaning, Symptoms, Merits, Demerits, Remedial Measures
 - Undercapitalisation: Meaning, Symptoms, Merits, Demerits, Remedial Measures

- 5 CAPITAL BUDGETING 25%**
 - Importance, Process of Capital Budgeting
 - Investment Appraisal tools: NPV, Benefit-cost Ratio, IRR, Payback Period, ARR
 - Concept of Capital Rationing (Theory)
 - Time Value of Money

- Estimation of cash flow based on Straight Line Depreciation & Written-Down value method: Single Proposal, Replacement Situation, Mutually exclusive situation

6 WORKING VAPITAL MANAGEMENT

30%

1. Introduction: Concept of Working Capital (Gross/Net), Need, Operating Cycle, Estimation of WC Requirement, Relative asset Liquidity & Relative Finance Liquidity
2. Cash Management: Need for Cash, Process of Cash Management, Cash Budget – Receipt & Payment Method, Monitoring Collection & Disbursement, Avenues for investing surplus Cash.
3. Inventory Management: Need for Inventory, Type of Inventory, EOQ Model, Order Point, Pricing & Valuation of Stocks (Brief Idea), Monitoring & Control of Inventories (ABC Analysis)
4. Receivable Management (Theory Only): Need for Receivable Management, Credit Policy, Variables, Credit Evaluation Methods (traditional, numerical credit scoring, risk classing, discriminate analysis), Monitoring receivable (Days Sales Outstanding, Aging Schedule, Collection Matrix)
5. Sources of Working Capital Finance: Accruals, Trade Credit, Public Deposits, Inter-corporate Deposit, Commercial Paper, Factoring, Banking Finance – Tandon & Chore Committee, Calculation of Maximum Bank Permissible Finance as per these committee.

7 LEVERAGES

5%

- Operating Leverage
- Financial Leverage
- Combine/Total Leverage

Books for Reference

- Financial Management Theory Practive by Prasanna Chandra (Tata McGrow Hill Publication)
- Financial Management Theory and Practice by Khan & Jain (Tata McGrow Hill Publication)
- Financial Management by I.M.Pandey (Vikas Publicatin)
- Financial Management by D. Chandra Bose (PHI Learning Private Limited, 2001)
- Essentials of Business Finance by R.M.Shrivastava (Himalaya Publishing House)

Sum (Paper Setting Purpose)

1. One sum from Ch. No. 6 14 marks (theory in option)
2. One sum from Capital Budgeting 10 marks (another sum in option)
3. One sum from Ch. No. 7 i.e. Leverages marks (theory in option)