



# C. U. SHAH UNIVERSITY – WADHWAN CITY



## FACULTY OF MANAGEMENT STUDIES

### BACHELOR OF BUSINESS ADMINISTRATION (BBA)

**SEMESTER III (THREE)**

**CODE 4MS03FMT1**

**Name of Subject** Financial Management

**Teaching & Evaluation Scheme**

Teaching Hours / Week				Evaluation Scheme (Marks)		
Th	Tu	P	Total	Sessional Exam	University Exam	Total
04	0	0	04	30	70	100

#### Objectives

- Basics of finance which can help a student to understand the complexity of the valuation in further studies.

#### Prerequisite

- Basic knowledge of simple interest, compound interest, its uses and its application.

#### Course outline

Sr. No.	Course Contents	Number of Hours
1	Introduction Meaning, Scope, Objectives and Importance of Financial Management - Finance Functions (Traditional Vs. Modern Approach) Organization of Finance Functions - Tools of Financial Management. Time Value of Money Reasons for Time value of Money - Compound Value Concept - Present Value Concept - Practical Application of Compounding and Present Value Techniques in Financial Decisions. (Simple Practical Examples should be asked in Examinations)	12
2	Investment Decision Meaning, Significance, Objectives and Importance of Capital Budgeting - Capital budgeting Process - Basic Principles of Capital Expenditure Proposals - Various appraisal Methods Pay Back Period, Discounted Cash Flow Method, ARR, IRR, NPV Method, Profitability Index ( Simple Practical Examples Should be asked in Examination) Capital Structure Meaning and Significance of Capital Structures - Capital structure and financial structure - Features of Ideal Capital Structure, Determinants of Capital Structure. Excluding Capital Structure Theories)	12

3	<p>Financing Decision Sources of Finance - Equity Shares - Preference Shares –Debentures – Term Loans- Retained earnings, - Bridge finance - Government policy on security financing and Term Loan - Operating and Financial Leverage. Working Capital Meaning and characteristics, Needs, Concepts of working capital - Types of working capital - Components of working capital - Factors determining working capital – Operating Cycle - Sources of working capital.</p>	12
4	<p>Working Capital Management a. Inventory Management Concept, significance and techniques of inventory management, b. Receivables Management Concept, significance and elements of receivables management. c. Cash management Concept, significance, Cash budget (Simple problems should be asked excluding Cash Budget) Cost of Capital Concept, Importance, Classification, Determinants, Computation, Cost of equity, Cost of preference capital, Cost of debt, Cost of retaining earning, Weighted average cost of capital. (Simple problems should be asked)</p>	12
5	<p>Capitalization &amp; Leverages a. Under Capitalization and over capitalization Meaning, symptoms, Causes, effects and remedies. b. Leverage Concept of leverage, Operating Leverage, Financial Leverage, Significance of EBIT, EBT and EPS. (Simple problems should be asked) Sources of Finance Needs of Finance Long Term, Medium Term and Short Term needs – Sources of Finance Long Term, Medium Term and Short Term – Merits and Limitations of each source – Venture Capital Financing – Lease Finance – Seed Capital – New Instruments.</p>	12
<b>Total Hours</b>		60

## Learning Outcomes

### **Theoretical Outcomes**

Understanding the complexity of the financial calculation.

### **Practical Outcomes**

Application of financial system, capital structure of the organization, uses of working capital and maximization of shareholders net worth using various financial tools.

## Teaching – Learning Methodology

- Lectures
- Assignments
- Presentations
- Case Studies
- Projects

## Recommended Books

1. **'Financial Management'**, I M Pandey, Vikas Publication.
2. **'Financial Management, Theory & practice'**, Prasanna Chandra, TMH.
3. **'Financial Management'**, R P Rustogi, Taxmann.

4. **'Financial Management'**, *S N Maheshwari*, Sultan Chand & Sons, New Delhi
5. **'Financial Management'**, *Khan & Jain*, Tata McGraw Hill Publishing Co.

### **E-Resources**

1. [http //education-portal.com/articles/List\\_of\\_Free\\_Online\\_Financial\\_Management\\_Courses.html](http://education-portal.com/articles/List_of_Free_Online_Financial_Management_Courses.html)
2. [http //www.openlearningworld.com/innerpages/Finance%20for%20managers.html](http://www.openlearningworld.com/innerpages/Finance%20for%20managers.html)