

BBA HONOURS 4th SEMESTER
DISCIPLINE SPECIFIC COURSE – I (CORE-8)

BBA420C1: FINANCIAL MANAGEMENT

CREDITS: THEORY: 04; TUTORIAL: 02
MAX. MARKS: THEORY: 60; TUTORIAL: 30
MIN. MARKS: THEORY: 60; TUTORIAL: 30

COURSE OBJECTIVE: *To acquaint students with the techniques of financial management and their applications for business decision making.*

A. COURSE CONTENTS (THEORY) (4 CREDITS) (60 marks)

UNIT I

Nature of Financial Management: Concept of Financial management, Scope of Financial Management; Functions of financial Management, Objectives of Financial Management; Principles of Financial Management, Organisation of finance function. Sources of Finance.

Concept and Measurement of Cost of Capital; Measurement of cost of capital; Cost of debt; Cost of perpetual debt; Cost of Equity Share; Cost of Preference Share; Cost of Retained Earning; Computation of weighted average cost of capital based on Historical and Market weights.

UNIT II

Concept of Time Value of Money, present value, future value, and annuity; Long -term investment decisions: Capital Budgeting - Principles and Techniques; Nature and meaning of capital budgeting; Estimation of cash flows; Evaluation techniques - Accounting Rate of Return, Net Present Value, Internal Rate of Return, Profitably Index Method, Pay Back Period Method.

UNIT III

Capital Structures: Approaches to Capital Structure Theories - Net Income approach, Net Operating Income approach, Modigliani-Miller (MM) approach, Traditional approach, Capital Structure and Financial Distress. Optimum Capital Structure. Leverage Analysis: Operating and Financial Leverage; EBIT -EPS analysis; Combined leverage.

Dividend Policy Decision - Dividend and Capital; The irrelevance of dividends: General, MM hypothesis; Relevance of dividends: Walter's model, Gordon's model;

UNIT IV

Working Capital Management: Concept, determination of working capital, objectives, estimation of cash concept, factor determining the cash requirement, Preparation of cash budget and cash flow statement. Techniques of inventory control- ABC Analysis & EOQ.

B. COURSE CONTENTS - TUTORIAL (2 CREDITS) (30 marks)

- **Case Study: At least one case situation to be discussed from each unit.**
- **Seminar/Presentation/Practical/Project Work/ Assignment based on case component/Theory component (Hard Copies to be submitted as well).**

SUGGESTED READINGS:

1. M.Y. Khan & P.K. Jain: Financial Management Text Problem and Cases, Tata McGraw Hill Publshlng Co. Ltd.
2. R. P. Rustogi: Financial Management: Theory Concepts and Practices, Taxmann Publication.
3. I.M. Pandey: Financial Management: Theory and Practices, Vikas Publishing House.
4. R.A. Brealey, S.C. Myers, F. Allen& P. Mohanty: Principles of Corporate Finance, McGraw Hill Higher Education.