### Veer Narmad South Gujarat University

#### 305–Financial Management

###### Second Year BBA (Semester3) With Effect from June2020

Objective of the course:

* To acquaint students with the techniques of financial management and their applications for business decisionmaking.

Pedagogy

Lectures, Numerical, Power Point Presentation, Discussion, and corporate case study

**Course Content**

**Unit 1 Introduction ofFinancialManagement (25%)**

Meaning and Nature of Financial Management (FM), Finance and related disciplines, Scope of Financial Management, Goals of FM: Profit Maximization, Wealth Maximization - Traditional and Modern Approach, Functions of finance – Finance Decision, Investment Decision, Dividend Decision and Liquidity Decision, Roles of a finance manager, Concept of Time Value of Money: why people value money today?, concept of present value, future value (Lump sum, simple annuity and growing annuity)

Unit 2: Long TermInvestmentDecision (30%)

Capital Budgeting –Nature and meaning of capital budgeting, Principles and Techniques, Estimation of relevant cash flows and terminal value, Evaluation techniques - Accounting Rate of Return, Net Present Value, Internal Rate of Return, Net Terminal Value, Profitably Index Method and Pay Back Period.

Unit 3: Dividend PolicyandLeverage (20%)

The irrelevance of dividends: General, MM hypothesis, Relevance of dividends: Walter's model, Gordon's model, types of dividend dates – Ex date, due date, announcement date, Overview on effect of dividend announcement on stock prices, Leverage Analysis: Operating and Financial Leverage, Combined leverage.

Unit 4: Introduction toDigitalMarketing (25%)

Working Capital Management: Meaning, factors affecting working capital, Operating cycle and cash cycle, determination of working capital requirement

Management of Cash - Preparation of Cash Budgets (Receipts and Payment Method only), Cash management technique.

Receivables Management – Objectives, Credit Policy, Cash Discount, Debtors Outstanding and Ageing Analysis, Costs - Collection Cost, Capital Cost, Default Cost, Delinquency Cost.

Suggested Readings:

* M.Y. Khan & P.K. Jain, Financial Management - Text Problem and Cases, Tata McGraw Hill Publishing Co.Ltd.
* I. M. Pandey: Financial Management - Theory and Practices, Vikas PublishingHouse.
* R. P. Rustogi, Financial Management - Theory Concepts and Practices, Taxmann Publication.
* R.A. Brealey, S.C. Myers, F. Allen& P. Mohanty, Principles of Corporate Finance, McGraw Hill HigherEducation
* J.V. Horne & J.M. Wachowicz, Fundamentals of Financial Management, PrenticeHall