

BBA 403 Financial Management

Course Objective: To develop a conceptual clarity and basic understanding of the fundamentals of corporate finance among the students. Further help them comprehend its practical applicability in the corporate world.

Course Outcomes (COs): After completion of the course, the students shall be able to:

CO1: Apply financial data for use in decision making by applying financial theory to problems faced by business enterprises.

CO2: Apply foundational finance theories and to analyse a forecast using relevant data and to conduct preliminary measurement of leverage analysis.

CO3: Apply time value of money techniques to various pricing and budgeting problems.

CO4: Apply modern techniques in capital budgeting analysis.

CO5: Assess dividend policy's impacts on share prices and to understand the implications of Dividend decisions in financial decision making.

Unit I

Financial management -Introduction: Meaning, nature and Scope, Goals of Financial Management-Profit Maximization vs. Wealth Maximization; Finance functions-investment, Financing, Liquidity and dividend decisions. **Sources of finance**-Long term and short term. **Concept of Time Value of Money**-present value, future value, annuity, Present Value of a series of payments.

Unit II

Cost of Capital: Meaning and significance of cost of capital; cost of equity shares; cost of preference shares; cost of debt, weighted average cost of capital. **Form of Capital:** Introduction to Capital Structure; theories- NI approach; NOI approach; MM approach; Traditional approach, determinants of capital structure. **Operating and Financial Leverage:** Measurement of leverages; Financial and operating leverage, combined leverage

I.K.G. Punjab Technical University
BBA Batch 2018

Unit II

Investment Decision Making: Meaning, importance, nature of investment decisions. Investment evaluation criteria, **Capital budgeting Techniques-Non-discounted cash flow-** Pay back methods; Post Payback period; Accounting rate of return method, **Discounted cash flow techniques-**Net Present value method; Internal rate of return method; Profitability index method.

Unit IV

Working Capital: Meaning, significance, types, approaches, Factors affecting working capital management capital. **Dividend Policies:** Issues in dividend decisions. Forms of dividend- Theories of relevance and irrelevance of dividends.

Suggested Readings:

- I. Khan, M. Y. and Jain P. K.(2011),”Financial Management, Text, Problems & Cases”, Tata McGraw Hill Company, New Delhi.
- II. Pandey, I.M.(2015), “Essentials of Financial Management”, 4th Edition, Vikas Publishing House Pvt. Ltd., New Delhi.
- III. Maheshwari, S.N.(2019), “Financial Management – Principles & Practice”, 15th Edition, Sultan Chand & Sons, New Delhi.
- IV. Rustagi,Dr.R.P.(2017), “Basic Financial Management”, 8th Edition, Sultan Chand & Sons, New Delhi.
- V. Patel, Bhavesh(2014),” Fundamentals of Financial Management”, Vikas Publishing House Pvt. Ltd., New Delhi.