

**Bachelor of Business Administration (BBA) Syllabus**

**GUJARAT UNIVERSITY  
SYLLABUS FOR S.Y BBA**

**SEMESTER III**

**CORE COURSE-202 FUNDAMENTALS OF FINANCIAL MANAGEMENT**

**Course Objectives:**

- (1) To familiarize students with the concepts, tools and practices of financial management.
- (2) To understand the decisions to be taken by financial managers of business firms.

**Number of credits: 3**

**Lectures per week: 3 of one hour each**

**Hours: 40**

Unit	Weightage
Unit I	25%
Unit II	25%
Unit III	25%
Unit IV	25%
Total	100%

**Unit I: (10 hours)**

- A) **Finance Function:** Meaning, Scope, Classification of functions (Long term-short term; Executive-Routine).

Organisation of Finance Function (status and duties of a Financial manager :

Treasurer and

Controller).

Objectives/Goals of Financial Management.

- B) **Time Value of Money:** Concept and numericals of Compounding and Discounting including annuity (excluding valuation of securities).

**Unit II: (10 hours)**

- A) **Management of working capital:** Concept, Types, Factors affecting working capital needs, Operating cycle approach, Dangers of excessive and inadequate working capital.

- B) **Cash Management:** Meaning, Motives of holding cash, Functions/objectives of cash management, Cash budget (with numericals).

- C) **Inventory Management:** Meaning, Objectives of holding inventory, Factors affecting inventory, Techniques of inventory management :**(1) EOQ** (with numericals including discount concept), **ABC Analysis**(without numericals) **(2) Reorder point** (without numericals),

- D) **Receivables Management:** Meaning, Cost and benefits, size of receivables, optimum credit policy and credit policy variables, (only simple numericals of receivables are expected.)

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### **Unit III: (10 hours)**

**A) Leverage:** (numericals and theory)

Operating leverage: Meaning, degree and effects of operating leverage on profits.

Financial leverage: Meaning and degree

Trading on equity: Meaning, benefits and risks (including EBIT-EPS analysis)

Combined leverage.

**B) Concept and numericals on :** (a) Financial Break-Even, (b) Indifference point

### **Unit IV : (10 hours)**

**Capital budgeting:**

**A) Meaning and significance for capital budgeting, Types of capital budgeting decisions.**

**B) Techniques: (Meaning, Accept-Reject criterion, Advantages and Disadvantages, comparison and numericals based on each method.)**

1. Payback period
2. Average Rate of Return
3. Net present value
4. Profitability Index
5. Internal Rate of Return

### **Allocation of marks for question paper**

<b>Units</b>	<b>Marks out 70</b>
Unit 1 (A) (B)	<b>17 marks</b> 08 09
Unit 2 (A) (B) (C and D)	<b>18 marks</b> 06 07 07
Unit 3 (A) (B)	<b>17 marks</b> 08 09
Unit 4 (A) (B)	<b>18 marks</b> 06 12
<b>Note: Question no.5 shall include MCQs such that equal weightage is given to all units and they could be from any one/two /three or all sub-units.</b>	

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### **TEXT BOOKS:**

1. Financial Management-Principles and Practice: C.Sudarsana Reddy, Himalaya Publishing House.

### **REFERENCE BOOKS:**

1. Financial Management: Text, Problems and cases: M.Y.Khan and P.K.Jain :Tata McGraw Hill Education Pvt. Ltd.
2. Financial Management P.V. Kulkarni and B.G. Satyaprasad.
3. Essentials of Financial Management: I.M.Pandey, Vikas Publishing House Pvt. Ltd.
4. Financial Management : Prasanna Chandra.
5. Financial Management : Dr. V.k. Palanivelu, S. Chand.
6. Financial Management : Sheeba Kapil, Pearson.
7. Financial Management : Rajiv Srivastav and Anil Mishra, Oxford university press.

### **Topics for Assignment :**

1. Introduction to Contemporary issues like: JIT systems, Out sourcing, Computerised inventory control system.
2. Techniques of controlling inflows and outflows in modern times.
3. Capital Rationing and its relevance in capital budgeting decisions.
4. Capital Structure: Meaning and Features of an ideal capital structure.
5. Relationship of finance with economics, accounts and other disciplines.

### **Topics for Presentation/Seminar:**

1. Management of working capital in India.
2. Emerging role of finance managers in India.
3. Effect of high and low operating and financial leverage for a business.

ABC analysis of debtors