

BBA II Year – III Semester
Department of Commerce and Business Management, Kakatiya University, Warangal
BBA304: Financial Management

Max. Marks: 80UE+20IA

UNIT-I: FINANCIAL MANAGEMENT - BASIC CONCEPTS: Financial Management - Meaning, Goals and Objectives - Functions of a finance manager - Financial decision-making; Concept and relevance of Time Value of Money - Compounding technique - Discounting technique (Simple applications of the time value of money).

UNIT-II: INVESTMENT DECISIONS: Nature of Investment decision - Features and significance of Capital budgeting - Types of Capital budgeting decisions - Capital budgeting process - Cash flows estimation - Methods/Techniques of Evaluation -Traditional techniques - Payback period method - Accounting Rate of Return (ARR) method - Discounted Cash Flows (DCF) methods/techniques - Net Present Value (NPV) method - Internal Rate of Return (IRR) method.

UNIT-III: FINANCING DECISIONS: Leverage: Concepts - Operating Leverage: Meaning and measurement - Financial leverage: Meaning and measurement - Degree of Financial and Operating Leverages - Combined Leverage (Including simple problems) Capital structure: Meaning - Determinants of Capital Structure - Optimum Capital Structure - Capital Structure - Cost of Capital - Cost of Equity – Cost of Preference Share Capital – Cost of Debt and Preference Share Capital -

UNIT – IV: DIVIDEND DECISIONS: Concept and significance - Types - Dividend policy and value of the firm - Determinants of dividend decision - Relevance of dividend decision (Walter’s Model - Gordon’s Model).

UNIT-V: WORKING CAPITAL MANAGEMENT: Concepts of Working Capital - Determinants of Working Capital -Optimum level of current assets - Liquidity vs. Profitability - Risk Return Trade off . Estimating Working Capital needs (including Simple Problems). Estimating Working Capital Requirements (Simple problems) Objectives and importance of Cash Management, Receivables Management and Inventory Management (Theory only).

Suggested Readings:

- | | | |
|-----------------------|---|-------------------------------------|
| 1) James C. Vanhorne | : | Financial Management and Policy. |
| 2) Ezra Soloman | : | The Theory of Financial Management. |
| 3) Weston and Brigham | : | managerial Finance |
| 4) I.M. Pandey | : | Financial Management |
| 5) Kuchal, S.C. | : | Financial Management |
| 6) E.W Walker | : | Essentials of Financial Management |
| 7) Prasanna Chandra | : | Financial Management |