BBCF132	**Financial Management**	L	T	P	C
Version 1.0		3	0	0	3
Pre-requisites/Exposure	Basic knowledge of Fundamentals of Financing and Accounting such as calculation of cost, revenue and profit				
Co-requisites	Knowledge of classification of data, data presentation				

Course Objectives

1. Provide an in-depth view of the process in financial management of the firm
2. Develop knowledge on the allocation, management and funding of financial resources.
3. Improving students' understanding of the time value of money concept and the role of a financial manager in the current competitive business scenario.
4. Enhancing student's ability in dealing short-term dealing with day-to-day working capital decision; and also longer-term dealing, which involves major capital investment decisions and raising long-term finance.

Course Outcomes

On completion of this course, the students will be able to

CO1. Explain the concept of fundamental financial concepts, especially time value of money.
CO2. Apply capital budgeting projects using traditional methods.
CO3. Analyze he main ways of raising capital and their respective advantages and disadvantages in different circumstances
CO4 Integrate the concept and apply the financial concepts to calculate ratios and do the capital budgeting

Catalog Description

Finance considers the requirements for financial information both external and internal to the organisation and the role of finance professionals as key players in a dynamic and ever-changing business environment, encompassing key decisions and the fundamental principles of Business.

Classroom activities including lectures, discussions and case studies (topped up with role play) will be designed to encourage students to get involved, absorb and assimilate inputs. These activities will also be supplemented by group discussions, cooperative group solving problems, live projects, analysis of video cases and debates.

Class participation is a fundamental aspect of this course. Students will be encouraged to actively take part in all group activities and to give an oral group presentation. Students will be expected to interact with media resources, such as, web sites, videos, DVDs, and newspapers etc.

Course Content

UNIT 1: Introduction to Finance **7 Sessions**

Introduction to three important decisions - investment decision, financing decision, dividend policy decision, scope and objectives of financial management, time-value of money, risk-return trade-off

UNIT 2: Financing Decision **7 Sessions**

Financing Decision: Concept and types of cost of capital, cost of various sources of finance, weighted average cost of capital, study of operating, financial and combined leverage, EBIT-

EPS Analysis, Sources of Finance, Indian Financial System – SEBI, Stock Markets, and other participants

UNIT 3: Long term investment Decision **8 Sessions**

Investment Decision: Concept, nature of capital budgeting, determination of relevant cash flows, capital budgeting techniques & their limitations-Traditional vs. Discounted techniques

UNIT 4: Dividend Decision **7 Sessions**

Dividend Policy Decision:- Theories of relevance and irrelevance of dividends, dividend-pay-out ratio, stability of dividends, legal, contractual and internal constraints and restrictions

UNIT 5: Working Capital Management **7 Sessions**

Working Capital Management: Gross vs. net working capital, need, determinants of working capital, Management of Cash: Nature, Motives for holding cash, Determining Optimum Cash Balance, Cash Management Models, Receivables Management: Cost of maintaining Receivables. Factors Influencing Receivables. Meaning, Objects and Dimensions of Receivable Management, Inventory Management

TEXT BOOKS

1.Pandey , I.M,(2015), *"Financial Management*", 11th Edition,Vikas Publication, New Delhi.

2.Sinha, Pradeep Kumar, (2009) *,"Financial Management*", 5th Edition, The World Press, Calcutta.

REFERENCE BOOKS

1. Chandra, Prasanna, (2011)*,"Financial Management Theory and Practice*", 8th Edition, TMH, New Delhi.
2. Vanhorne, J, (2015)*," Financial Management & Policy"*, 13th Edition, Pearson Education, Delhi.
3. Brealey and Myers, (2017)*," Principles of Corporate Finance*", 10th Edition , McGraw Hill, India.

Modes of Evaluation: Quiz/Assignment/ presentation/ extempore/ Written Examination
Examination Scheme:

Components	MSE I	MSE II	Presentation/Assignment/ etc	ESE
Weightage (%)	20	10	20	50

ASSESSMENT TOOLS:

CO 1	CO2	CO3
Discussion Assignment and Case Let Analysis	Discussion Assignment, Quiz and Case Let Analysis	Case Analysis, Project Analysis, Video Analysis Presentation

Relationship between the Course Outcomes (COs) and Intended Student Learning Outcomes (ISLOs) or PO's

Mapping between COs and Intended Student Learning Outcomes (ISLOs)		
	Course Outcomes (COs)	**POs**
CO1	Explain the concept of fundamental financial concepts, especially time value of money. .	**PO 1, 2, 4**
CO2	Apply capital budgeting projects using traditional methods.	**PO 2,3,4,8**
CO3	Analyze he main ways of raising capital and their respective advantages and disadvantages in different circumstances	**PO 3,4,6,8**
CO4	Integrate the concept and apply the financial concepts to calculate ratios and do the capital budgeting	

Program Outcome / Course Outcome mapping

Course Outcomes	**CO 1**	**CO 2**	**CO 3**	**CO 4**
PO 1	1	3	3	3
PO 2	3	3	3	2
PO 3	3	3	3	2
PO 4	1	1	1	2
PO 5	2	2	1	2
PO 6	2	2	2	3
PO 7	3	3	1	2
PO 8	3	3	2	3
PSO 9	2	3	3	2
PSO 10	3	3	3	2
PSO 11	3	3	3	2
PSO 12	2	3	3	2

		Students will demonstrate strong conceptual knowledge of international business	Students will demonstrate effective oral and written communication skills in the professional context	Students will be able to work effectively in team building capabilities	Students will develop critical thinking and problem-solving skills applicable to business and management practice	Students will be able to describe the global environment of business	Student will demonstrate sensitivity towards ethical and moral issues and have ability to address them in the international	Students will be able to apply decision support tools to business decision making.	Student will be apply knowledge of business concepts and function in an integrated manner	Students will demonstrate conceptual domain knowledge of international business	Students will apply decision support tools to decision making in international business	Students will apply conceptual knowledge of Foreign Trade in an integrated manner.	Students will demonstrate employable and deployable skills for appropriate roles in management.
BBCF 132	**Financial Management**	ISLO /PO1	ISLO /PO 2	ISLO /PO 3	ISLO /PO 4	ISLO /PO 5	ISLO /PO 6	ISLO /PO 7	ISLO /PO 8	ISLO /PO 9	ISLO /PO 10	ISLO /PO 11	ISLO /PO 12
	CO	**3**	**3**	**3**	**2**	**1**	**2**	**2**	**3**	**1**	**2**	**3**	**1**

Model Question Paper

Name: **Enrolment No:**	UPES

Course: BBCF132: FINANCIAL MANAGEMENT
Programme: BBA
Semester: EVEN- 2017-18
Time: 03 hrs.
Max. Marks: 100

Instructions:
Attempt all questions from **Section A** (each carrying 1 marks); all Questions from **Section B** (each carrying 15 5marks)**;** all questions from **Section C** (each carrying 10 marks)**;** all questions from **Section D** (each carrying 30 marks)

SECTION A (Attempt all questions)

1.	Amex Corporation finances with an equal mix of debt and equity. In consideration of new projects proposed, the company can issue 8% debt and estimate that their required rate of return on common equity is 20%. With a 40% tax rate, what is the WACC for Amex?	**[1]**	**CO3**
2.	Which of the following is a method of rising funds from existing shareholders? a) Bonus shares b) Euro issues c) Right issue	**[1]**	**CO1**
3.	The dividend decisions are concerned with: a) Determination of quantum of profits to be distributed to the owners b) The frequency of such payments c) The amounts to be retained by the firm d) All of the above	**[1]**	**CO2**
4.	Which of the following is not an external source of finance? a) Bank overdraft b) Lease finance c) Retained earning	**[1]**	**CO1**
5.	Walter's model suggests for 100% DP ratio when: a) Ke = r b) Ke< r c) Ke> r d) Ke = 0	**[1]**	**CO3**
6.	NPV and IRR	**[1]**	**CO1**
7.	Cost of capital refers to: a) Flotation cost b) Dividend c) Required rate of return d) None of above	**[1]**	**CO2**
8.	Operating cycle is a technique of: a) Working capital management b) Receivables management c) Inventory Management	**[1]**	**CO3**
9.	Return is calculated by	**[1]**	**CO3**
10.	2/10, net 20	**[1]**	**CO1**
11	Cost of Capital is	**[1]**	**CO2**
12.	Letter of credit	**[1]**	**CO1**
13.	Cost of retain earnings	**[1]**	**CO3**

14.	IRR is	**[1]**	**CO1**
15.	ROI	**[1]**	**CO2**
16.	Leverage	**[1]**	**CO1**
17.	Cost of capital refers to: a) Flotation cost b) Dividend c) Required rate of return d) None of above	**[1]**	**CO3**
18.	In case the firm is all equity financed, WACC would be equal to a) Cost of debt b) Cost of equity c) neither (a) nor (b) d) None of above	**[1]**	**CO3**
19.	Payback period is	**[1]**	**CO2**
20.	Reorder level	**[1]**	**CO3**
	SECTION B (Attempt all questions)		
21.	What are the different ways in which company can declare dividend?	**[5]**	**CO3**
22.	Consider the following information for Bombay Enterprise: EBIT Rs 1,120 lakhs PBT Rs 320 lakhs Fixed Cost Rs 700 lakhs Calculate percentage change in earnings per share if sales increased by 5%.	**[5]**	**CO2**
23.	The finance department of a corporation provides the following information: i. The carrying cost per unit of inventory are Rs 10 ii. The fixed costs per order are Rs 20 iii. The number of units required is 30,000 per year. Determine the EOQ, total number of orders in a year and the time gap between two orders	**[5]**	**CO3**
24.	a. Briefly explains the factors that influence the planning of the capital structure in practice	**[5]**	**CO2**
	SECTION C (Attempt all questions)		
25.	"The equity share is different from a preference share." Illustrate in the light of preferences available to preference shareholders.	**[10]**	**CO2**
26.	Examine the role of bank credit in financing of working capital. What are the types of bank credit?	**[10]**	**CO3**
27.	ITC ltd has decided to purchase a machine to augment the company's installed capacity to meet the growing demand for it product. There are three machine under consideration of the management. Relevant details including estimated yearly expenditure and sales are given below. All sales are on cash basis. Tax rate is 40%.	**[10]**	**CO3**

Machine	1	2	3
Initial investment	300,000	300,000	300,000
Estimated annual sales	500,000	400,000	450,000

	Cost of production					
	Direct material	40,000	50,000	48,000		
	Direct labour	50,000	30,000	36,000		
	Factory overheads	60,000	50,000	58,000		
	Administration cost	20,000	10,000	15,000		
	Selling and distribution cost	10,000	10,000	10,000		

The economic life of Machine 1 is 2 years while it I 3 years for the other two. The scrap value is R 40,000, R 25,000 and Rs 30,000 respectively. Find out the most profitable investment based on "payback period"

SECTION D(Attempt all questions)

28.	India Ltd. is a famous manufacturer and exporter of handicraft to other continents. The finance manager of the company is preparing its working capital forecast for the next year. After carefully screening all the documents, and collected the following information: Production during the previous year was 1,500,000 units. The same level of activity is intended to be maintained during the current year. The expected ratios of cost to selling price are: Raw material 40%; direct wages 20%; overheads 20% The raw materials ordinarily remain in stores for 3 months before production. Every unit of production remains in the process for 2 months and is assumed to be consisting of 100% raw material, wages and overheads. Finished goods remain in warehouse for 3 months. Credit allowed by the creditors is 4 months from the date of the delivery of raw material and credit given to debtors is 3 months from the date of dispatch. Estimated balance of cash to be held — R 200,000 Lag in payment of wages — half month Lag in payment of expense — half month Selling price is Rs 10 per unit. Both production and sales are in a regular cycle. You are required to make a provision of 10% for contingency (except cash). Relevant assumptions may be made. You have recently joined the company as finance manager. The job of preparing the forecast statement has been given to you. You are required to prepare the forecast statement.	**[30]**	**CO2, CO3**