

KLE Society's
Lingaraj College, Belagavi
(Autonomous)

Department of **BBA : III Semester**

Financial Management - I
(w.e.f. 2017– 2018 and onwards)

Teaching hours per week – 04 :	Maximum Marks	:	100 Marks
	Semester End Examination	:	70 Marks
	Internal Assessment	:	30 Marks

Course Outcome:

At the end of this course students will be able to:

1. Explain time value, risk, and return concepts, loan amortization & Rule of 72.
2. Interpret the Capital budgeting techniques & demonstrate application of NPV, IRR, AAR, PI etc.
3. Apply techniques for estimating the cost of capital and understand sources of finance for long term and short term.
4. Understand & interpret capital structure & firm value.
5. Understand dividend policy, financial leverage & its impact on firm.

Syllabus

MODULE S	Syllabus	HOURS
Module I	Introduction to Financial Management <ul style="list-style-type: none"> ▪ Introduction and Scope of Financial Management ▪ Objectives of Financial Management ▪ Time Value of Money – Meaning, Rationale, Future Value & Present Value ▪ Relationship between Risk & Return ▪ Loan Amortization & Rule of 72 	10
Module II	Basics of Capital budgeting <ul style="list-style-type: none"> ▪ Capital Budgeting Process ▪ Costs and Benefits – Basic Principles and Illustrations ▪ Net present Value (NPV), Benefit - Cost Ratio, Internal Rate of Return (IRR), Pay Back Period and Accounting Rate of Return (ARR) 	14
Module III	Cost of Capital <ul style="list-style-type: none"> ▪ Basic Concepts ▪ Determination of the Component Costs – cost of Debt, cost of Preference Capital, Cost of Equity and Retained Earnings ▪ Determination of Proportions and Weighted Average Cost of Capital 	12

Module IV	Capital Structure & Dividend Policy <ul style="list-style-type: none"> ▪ Assumptions and Definitions ▪ Taxation and Capital Structure ▪ EBIT and EPS Analysis ▪ Determinants of Dividend ▪ Dividend policy: Payout Ratio, Stability and Dividend Tax 	10
Module V	Leverages <ul style="list-style-type: none"> ▪ Operating Leverage ▪ Financial Leverage ▪ Combined Leverage 	08

TEXT BOOKS:

1. Fundamentals of Financial Management – Khan and Jain.
2. Fundamentals of Financial Management – Prasanna Chandra.

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.
4. Pandey, I.M, (2015), “Financial Management”, 11th Edition,Vikas Publication, New Delhi.