

**Kachchh University**  
Mundra Road, Bhuj - Kachchh.  
**Bachelor of Commerce**

**Semester-VI**

**CC 604 : Basic Disciplines of Management (Paper-VI)**

(Fundamentals of Financial Management)

(With Effect from Academic Year 2013-14)

**1 . 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.

**2. Evaluation :**

**Evaluation pattern**

End Semester examination	70%
Mid-Semester examination	20%
Projects, assignments, quizzes, class participation	10%

**3. Course Contents :**

Module No.	Modules/ Sub Modules	Marks (%)
<b>1</b>	<b>FINANCE FUNCTION AND FINANCIAL PLANNING</b> Meaning, importance and scope of financial management, financial goals: profit versus value maximization. Finance function: relationship between finance function and other functional areas of management, role of finance manager, meaning of financial planning, and steps in financial planning.	<b>25%</b>
<b>2</b>	<b>CAPITALIZATION AND CAPITAL STRUCTURE</b> Capitalization: meaning, effects and remedies of under capitalization, over capitalization and watered stock. Capital structure: Meaning, importance and determination of capital structure. Trading on equity: meaning, benefits and risks, operating leverage and financial leverage: meaning and degree of combined leverage (no numerical). Sources of long term finance: equity, debentures and preference shares: meaning, advantages and limitations of each.	<b>25%</b>
<b>3</b>	<b>WORKING CAPITAL MANGEMENT</b> Concepts and types of working capital – factors determining working capital requirement. Principles of working capital management, components of working capital: cash, receivables, inventory, creditors, bank overdraft and others, disadvantages of inadequate working capital.	<b>25%</b>
<b>4</b>	<b>UNIT 4 COST OF CAPITAL AND CAPITAL BUDGETING</b> Cost of Capital: Meaning and importance, computation of cost of capital for debentures or bonds, equity and preference capital and retained earnings. Weighted cost of capital. Capital Budgeting: meaning, characteristics, process, techniques, meaning, utility and limitations of various methods – Average rate of return, pay back period, net present value and PI.	<b>25%</b>

#### **4. Recommended & Suggested reference Books:**

##### **TEXT BOOKS:**

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

##### **REFERENCE BOOKS:**

1. Elements of Financial Management, by S.N.Maheshwari

2. Principles of Financial Management, by N.P.Agrawal, R.K.Tailor, Pioneer Publications 2008

3. Working Capital Management, by N.P.Agrawal, B.K.Mishra, RBSA Publishers

4. Financial Management by P.V.Kulkarni, B.G.Satyaprasad, Himalaya Publishing house

5. Financial Management by S.C.Kuchhal

#### **5. Structure of Course Examination**

The external evaluation pattern would be based on the written examination taken at the end of the semester. The overall evaluation pattern is as under:

##### **Evaluation pattern**

End Semester examination	70%
Mid-Semester examination	20%
Projects, assignments, quizzes, class participation	10%

Out of the 70% weight age of the external evaluation the style of the paper for all courses is so decided as to evaluate the students on different parameters. The format includes subjective, objective and applications questions so the test of students can be done on parameters like conceptual knowledge, its application in actual sense, his or her memory and presence of mind. The structure is as under:

#### **6. Distribution of Marks :**

Q.1	<b>14 marks</b> will have multiple choice questions based on the given units	14 Marks
Q.2	Answer two short questions OR Any one question which could be a long question, case study, application of concepts etc.	14 Marks
Q.3	Answer two short questions OR Any one question which could be a long question, case study, application of concepts etc.	14 Marks
Q.4	Answer two short questions OR Any one question which could be a long question, case study, application of concepts etc.	14 Marks
Q.5	Answer two short questions OR Any one question which could be a long question, case study, application of concepts etc.	14 Marks