

Veer Narmad South Gujarat University

Financial Management II

S.Y. B.B.A., Semester IV

Effective from December 2012

- 1. CAPITAL BUDGETING (COMPULSORY EXAMPLE) 40%**
- Importance, Process of Capital Budgeting
 - Concept of Capital Rationing (Theory)
 - Time Value of Money, Present Value and Future Value
 - Investment Appraisal tools: NPV, Benefit-cost Ratio, IRR, Payback Period, ARR
 - Estimation of cash flow based on Straight Line Depreciation & Written-Down value method: Single Proposal, Replacement Situation, Mutually exclusive situation
- 2. WORKING CAPITAL MANAGEMENT 60%**
1. Introduction: Concept of Working Capital (Gross/Net), Need, Operating Cycle, Estimation of WC Requirement (Compulsory Examples), Relative asset Liquidity & Relative Finance Liquidity
 2. Cash Management: Need for Cash, Process of Cash Management, Cash Budget, Receipt & Payment Method, Monitoring Collection & Disbursement, Avenues for investing surplus Cash (Examples).
 3. Inventory Management: Need for Inventory, Type of Inventory, EOQ Model, Order Point, Pricing & Valuation of Stocks (Brief Idea), Monitoring & Control of Inventories (ABC Analysis)
 4. Receivable Management (Theory Only): Need for Receivable Management, Credit Policy, Variables, Credit Evaluation Methods (traditional, numerical credit scoring, risk classing, discriminate analysis), Monitoring receivable (Days Sales Outstanding, Aging Schedule, Collection Matrix)
 5. Sources of Working Capital Finance: Accruals, Trade Credit, Public Deposits, Inter- corporate Deposit, Commercial Paper, Factoring, Maximum Bank Permissible Finance.

Reference Books

1. Financial Management Theory Practive by Prasanna Chandra, Tata McGrow Hill Publication)
2. Financial Management Theory and Practice by Khan & Jain (Tata McGrow Hill Publication)
3. Financial Management by I.M.Pandey (Vikas Publicatin)
4. Financial Management by D. Chandra Bose (PHI Learning Private Limited, 2001)
5. Essentials of Business Finance by R.M.Shrivastava (Himalaya Publishing House)