

SARDAR PATEL UNIVERSITY
Vallabh Vidyanagar
B. B. A. (Honours) Information Technology Management Program
Semester – III
UM03EBBI05 Financial Management and Services – I
(w.e.f. June 2016)

Total Credits: 3
Total Marks: 100

- Unit 1 **Financial Management: An Overview** 25%
- Meaning, Significance, Scope, Relation of finance with other business functions, Role of Finance Manager, Finance Functions - Risk-Return Trade off - Goals of Finance Management
 - Capitalization: Meaning, Theories of Capitalization- Cost & Earning Theory, Overcapitalization & Undercapitalization: Meaning, Causes, Effects & Remedies
- Unit 2 **Long Term Investment Decisions :- (Capital Budgeting)** 25%
- Basics of capital Budgeting: Meaning, Features, Types, Significance, Process
 - Appraisal Methods :
 - Accounting Rate of return technique
 - Payback Period Technique, Discounted PBP
 - Discounted Cash Flow Techniques: NPV, IRR, PI
 - Estimation of Benefits (Cash Flow) under each technique
- NOTES :
- (1) Examples should be based only on SLM method of depreciation.
 - (2) Replacement decisions should be excluded.
- Unit 3 **Introduction to Financial Services & Markets:** 25%
- Meaning, Features, Importance, Scope of financial services, Causes for financial innovation, New and Innovative financial instruments, Challenges facing the financial services sector,
 - Capital Market – Concept, Capital Market Instruments (Meaning & Features): Equity Shares, Preference Shares and Debentures, Money Market - Concept, Money Market Instruments (Meaning & Features): Treasury Bills, Certificate of Deposits, Commercial Paper, Distinction between Capital market & Money market
- Unit 4 **Cost of Capital:** 25%
- Concept and Significance of cost of capital, Computation of cost of debt, Preference shares, equity capital and retained earnings, combined (weighted) cost of capital, Marginal Cost of Capital

Evaluation: Internal: 40 Marks
External: 60 Marks (Two – Hours Examination)

Reference Books:

1. Financial Management : S. N. Maheshwari
2. Financial Management : I. M. Pandey
3. Financial Management : Prasanna Chandra
4. Financial Management : Khan & Jain
5. Gordon and Natarajan: Financial Markets and Services, Himalaya Publishing House, Delhi
6. Khan, M.Y. : Indian Financial System- Theory and Practice ,Vikas Publishing House, New Delhi