

SARDAR PATEL UNIVERSITY
Programme: BCOM
Semester: IV
Syllabus with effect from : NOVEMBER 2012

Paper Code: UB04ECOM03	Total Credit: 3
Title Of Paper: Advanced Financial Management - I	

Unit	Description in detail	Weighting (%)
1	Capital Budgeting : Meaning, Principles, Characteristics of Capital Budgeting Decisions, Process Types of Capital Budgeting decisions, Capital rationing Decisions. (Theory Only), Techniques: Simple Payback Period, Average/Accounting rate of return, Discounted Cash Flow Techniques (Theory Theory & Examples for all techniques)	25 %
2	Cost of Capital Basic concepts, Rational & Assumptions, Significance Specific cost of Equity, retained earnings, preference share & debenture capital, Weighted average cost of capital Marginal cost of capital (Cost of equity based on dividend capitalization approach, Earning price approach, realized yield approach, & CAPMM approach)	25 %
3	Dividend Policy Decision : Objectives of Dividend Policy Forms of Dividend payment Significance of Dividend policy in Financial Decision Variables influencing Dividend Decision Practical considerations in dividend policy Stability of dividends Walter's Model, Gordon's Model, Modigliani – Miller's Model	25 %
4	Capital Structure: Assumptions & significance, Principles, Factors, Optimum Capital Structure, NI approach, NOI Approach, Traditional Approach and MM approach.	25 %

Basic Text & Reference Books

- I M Pandey, Financial Management
- Khan & Jain, Financial Management
- Prasanna Chandra, Financial Management
- Van Horne, Fundamentals of Financial Management
- S N Maheshwari, Financial Management

