

UNIVERSITY OF MUMBAI

Syllabus for T.Y.B.Com Business Management Paper IV-Financial Management

Under the Credit and Grade Based Evaluation System
(For the Academic Year 2013-14)

Syllabus to be covered in Semester V

Objectives :

1. To enable the students to understand basic concepts, functions and objectives of Financial Management
2. To enable them to understand financial statements and the tools used for financial statement analysis.
3. To help students understand the various sources of finance.

1) Nature of Financial Management :

- Meaning and definition
- Scope of Financial Management
- Functions of Finance
- Objectives of Financial Management

2) Study of Financial Statements

- Meaning, Definitions, purposes & Objectives of Financial Statements
- Preparation of financial Statements – Balance Sheet and Revenue Statements
- Statutory Requirements for constructing financial statements by limited companies
- Limitations of Financial Statements
- Relationship between items of Revenue statements and Balance sheet

3) Study of Financial Statements (Comparative Statement, Common size Statement, Trend Analysis)

- Parties Interested in the Financial Statements
- Objectives and Purposes of Financial Analysis and Interpretation
- Relation between Analysis and Interpretation.
- Steps involved in the Analysis of Financial Statements

4) Ratio Analysis

- Ratio Analysis – Meaning and definition
- Different modes of expressing an Accounting Ratio
- Comparison by Ratios
- Objectives of Ratio Analysis

- Classification of Ratios
 - i. Traditional classification
 - ii. Functional classification
 - iii. Classification from the viewpoint of Users

a) Compilation of Ratios

i. Balance Sheet Ratios

- Current Ratio
- Liquid Ratio
- Proprietary Ratio
- Stock-working Capital Ratio
- Capital Gearing Ratio
- Debt Equity Ratio

ii. Revenue Statement Ratios

- Gross Profit Ratio
- Operating Ratio
- Expense Ratios
- Net Profit Ratio
- Stock Turnover Ratio

iii Combined Ratios

- Return on Capital Employed
- Return on Proprietors' Funds
- Return on Equity Share Capital
- Debtors' Turnover Ratio (Debtors' Velocity)

b) Uses of Accounting Ratios

c) Limitations of Ratio Analysis

5) (a) Sources of Finance

- Classification of Sources of Finance
 - i. According to period
 - ii. According to ownership
 - iii. According to Source of generation

- Internal Financing
- Loan Finance
- Choice of Securities

(b) Statement of Sources and Application of Funds

- Nature and Meaning of Funds
- Concept of Flow
- Purposes of Funds Flow Statements
- Difference between Funds Flow Statements and Income Statements
- Preparation of Funds Flow Statements
 - i. Calculation of Funds from Operations.
 - ii. Statement of Changes in Working Capital
 - iii. Format of Funds Flow Statement
- Uses of Funds Flow Statement
- Limitations of Funds Flow statements

Books Suggested :

- 1) Financial Management – James C. Van Horne.
- 2) Financial Management – by I.M. Pandey.
- 3) Financial management – By Prasanna Chandra.
- 4) Financial Management – By S.C. Kucchal.
- 5) Principles of Management Finance – By Lawrence J. Gitman, Harper
- 6) Financial Management – By Ravi Kishore
- 7) Techniques of Financial Analysis – Ekrich A Helfert, Donjone’s

Question Paper Pattern for Semester V for the Academic year 2013-14

Q. No.	Module/s to be covered in Semester V	Number of questions and choice	Marks
1	4 and 5b	Any one out of two (Both practical problems)	15
2	1 and 3	Any two out of three (Two practical problems and one theory question)	15
3	2 and 5a	Any two out of three (One practical problem and two theory questions)	15
4	Covering all the modules of semester V	Multiple choice questions (All compulsory)	15

Total Marks: 60

Duration: 2 Hours

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Syllabus to be covered in Semester VI

Objectives :

1. To acquaint the students with the meaning, importance and techniques of capital budgeting.
2. To enable the students to understand the basics of working capital management.
3. To enable them to understand the fundamentals of receivables management.
4. To help students gain insights into cash and marketable securities management.
5. To acquaint the students with the basics of cost accounting and marginal costing.

6) Capital Budgeting

- Meaning and Importance
- Evaluation techniques - DCF, NPV, Profitability index, Pay-back method, IRR (Practical problem to be asked only on NPV and Pay-back)

7) Working Capital

- Importance of Working Capital
- Working Capital cycle
- Classification of Working Capital
 - i. Gross and Net Working Capital
 - ii. Permanent and Variable Working Capital
 - iii. Positive and Negative Working Capital
 - iv. Cash and Net Current Assets concept of Working Capital
- Factors determining Working Capital requirements
- Management of Working Capital
- Statement showing the requirement of Working Capital

8) Receivable Management

- Meaning and Importance
- Aspects of Receivable Management
- Credit Policy
- Credit Evaluation
- Credit granting decision
- Control of Accounts receivables

9) Cash and Marketable Securities Management

- Motives of Holding Cash
- Aspects of Cash Management
- Speeding up collections
- Optimal Cash Balances
- Options for Investing Surplus Cash
- Cash Management Models
- Marketable Securities – Meaning and Selection Criteria
- Money Market Instruments
- Treasury Bills (T. bills)
- Repurchase Agreements (REPOS)
- Certificate of Deposits (CDs)
- Commercial Paper (CPs)
- Corporate Debentures and Bonds
- Bankers Acceptances
- Inter-Corporate Deposits
- Bills Discounting

10) Basic Principles of Cost Accounting

- Meaning and definitions
- Concept of Cost Centre and Cost Unit
- Financial and Cost Accounting
- Classification of Costs
- Determination of Total Cost
- Non-cost items
- Cost sheet

11) Marginal costing

- Meaning, Features, Advantages and Limitations of marginal costing
- Concept of profit
- Contribution
- Absorption vs. marginal costing
- Profit / volume ratio
- Break even point
- Margin of safety
- Break even chart
- Angle of incidence
- Cost volume profit analysis
- Key factor
- Application of marginal costing

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- 5) Principles of Management Finance – By Lawrence J. Gitman, Harper
- 6) Financial Management – By Ravi Kishore
- 7) Techniques of Financial Analysis – Ekritch A Helfert, Donjone's

Question Paper Pattern for Semester VI for the Academic year 2013-14

Q. No.	Module/s to be covered in Semester VI	Number of questions and choice	Marks
1	9 & 10	Any one out of two (Both practical problems)	15
2	6 and 11	Any two out of three (Two practical problems and one theory questions)	15
3	7 and 8	Any two out of three (One practical problem and two theory questions)	15
4	Covering all the modules of Semester VI	Multiple choice questions (All compulsory)	15

Total Marks: 60

Duration: 2 Hours