

**Uka Tarsadia University**



**B.B.A.**

**Advanced Financial Management (030030507)**

**5<sup>th</sup> Semester**

**Effective from July-2013**

# Uka Tarsadia University

## Advanced Financial Management (030030507)

### BBA (Sem.-5) Syllabus, effective from July -2013

**Course Objective and Outcome:** To understand, analyze and interpret financial problems and data for making good financial decisions.

**Total Hours: 52**

**[4 hrs. per week]**

#### **Unit-1 Valuation of Financial Security (Shares and Debenture)**

**[Weightage 25%]**

- 1.1. Concept and importance of Valuation
- 1.2. Basics Valuation Model
- 1.3. *Valuation of Bond/Debenture*-Concept, Features, Model- Bond with Maturity, Yield to Maturity, Perpetual Bond and Semiannual Interest and Bond Value
- 1.4. *Valuation of Equity Share*- Concept, Model- Single Period Valuation, Multi Period Valuation, Constant Growth Model and Earning Capitalization.
- 1.5. *Valuation of Preference Share*- Concept, Model-Irredeemable and Redeemable preference share
- 1.6. *Impact* of Required Return on Bond Value and Maturity on Bond Value

#### **Unit-2 Cost of Capital**

**[Weightage 25%]**

- 2.1. Concept and Significance of Cost of Capital
- 2.2. Measurement of Specific Cost
  - 2.2.1. Cost of Debt- Issued at-Par, Discount and Premium and After Tax Cost of Debt
  - 2.2.2. Cost of Preference- Irredeemable and Redeemable Preference share
  - 2.2.3. Cost of Retained Earnings
  - 2.2.4. Cost of Equity capital- Dividend Growth Model, Earning Price Method and CAPM
- 2.3. Weighted Average Cost of Capital (WACC)

#### **Unit-3 Capital Structure and Dividend Policy**

**[Weightage 25%]**

- 3.1. Meaning and Assumptions of Capital Structure
- 3.2. Net Income, Net Operating Income and Traditional Approach
- 3.3. M-M theory (Including Arbitrage Mechanism)

- 0.4. Meaning and Factors Affecting Dividend Policy
- 0.5. Relevance Theory - Walter Model and Gordon Model
- 0.6. Irrelevance Theory – M-M model

## Unit-4 Corporate Restructuring and Asset Financing

[Weightage 25%]

- 4.1. Introduction and Motives of Corporate Restructuring
- 4.2. Purpose of Corporate Restructuring
- 4.3. Forms of Corporate Restructuring: Expansion, Sell-off, Corporate Control and Changes in Ownership Control
- 4.4. Constraints to Corporate Restructuring
- 4.5. Leasing finance: Concept, Advantages and Disadvantages
- 4.6. Hire Purchasing: Concept, Difference between Hire Purchase and Leasing

### Text Book:

- 1. Khan, Jain. *Financial Management: Text, Problems & Cases*. New Delhi: Tata McGraw-Hill.

### Reference Books:

- 2. Bhala, V.K. *Financial Management and Policy*. New Delhi: Anmol Publication Pvt. Ltd.
- 3. Pandey, I.M. *Financial Management*. New Delhi: Vikas Publishing House Pvt. Ltd.
- 4. Reddy, G. Sudarsana. *Financial Management: Principles and Practice*. Mumbai: Himalaya Publishing House Pvt. Ltd.
- 5. Fajni Sofat and Oreeti Hiro. *Strategic Financial Management*. New Delhi: Prentice Hall of India Private Ltd.
- 6. Weston, J. F., Chung, K. S., & Hoag, S. E. *Mergers, Restructuring, And Corporate Control* (2007 ed.). New Delhi: Prentice Hall of India Private Ltd.