

T.Y. Bcom Accounting Finance

SEMESTER VI

Financial Management -III

SYLLABUS OBJECTIVES

- To acquire the skills necessary to manage a financial firm, to describe and apply financial concepts, theories, and tools, and to evaluate the role of technology and the legal, ethical and economic environment as it relates to financial institutions including the Federal Reserve, commercial banks, insurance companies, mutual funds, investment banks, pension funds, federal regulatory agencies, and federal and state guaranty institutions.
- To advance the understanding of fundamental concepts of finance, financial markets and market participants, valuation techniques of financial instruments, and working knowledge of portfolio Management.

1. Business Valuation

- Conceptual Framework of Valuation – Book Value, Market Value, Economic Value, Liquidation Value, Replacement Value, Salvage Value, Value of Goodwill and Fair Value
- Approaches of Valuation – Assets Based Approach to Valuation, Earnings Based Approach to Valuation , Earnings Measure on Cash Flow Basis, Market Value Added Approach and Economic Value Added.

2. Mergers and Acquisitions

- Introduction- Basic modes of acquiring another firm, Synergy effects, Difference between Merger and Takeover, Advantages of Mergers and Acquisitions, Benefits of Merger for Acquiring firm, Reasons of companies to offer themselves for sale, Reasons for failure of Mergers and Reverse Merger.

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- Commonly Used Bases for determining the Exchange Ratio – EPS, MPS, Book value and Combination of Measures and Evaluation of Mergers (Practical Problems)

3. Corporate Restructuring and Takeovers

- Introduction – Meaning, Need and Importance, Forms of Restructuring, Advantages and Disadvantages
- Takeovers – Meaning, SEBI Guidelines, Anti-takeover defences and Asset and Liability Restructuring. (Practical Problems)

4. Lease and Hire Purchase Financing

- Introduction – Meaning and Types of Leases, Rationale, Mechanics, Operating Leases, Leasing as Financing Decisions, Calculation of Cash flows of a finance lease.
- Hire Purchase – Meaning, Need and Importance, Calculation of Hire Purchase instalments.
- Choice between Leasing and Hire Purchase

5 .Working Capital financing

- Introduction – Key features and Characteristics of Trade Credit, Bank Credit, Commercial Papers, Certificate of Deposits and Factoring.
- Practical Problems based on Factoring and calculations of yield of CP's and CD's

SYLLABUS OUTCOMES

- Describe the dimensions of performance and risk relevant to financial firms.
- Calculate contemporary measures of financial measures of performance and risk.
- Describe contemporary managerial risk management oversight processes.
- Explain how the financial services component industries (insurance, banking, securities, real estate and financial planning) interact.
- Design hedging strategies to manage market risks (e.g., currency, commodity, economic and political).
- Evaluate the economic environment and the impact of governmental economic policies on consumers and financial institutions.
- Describe the impact that financial innovation, advances in technology, and changes in regulations has had on the structure of the financial firms/industry.