BHA508- FINANCIAL MANAGEMENT

(Revised syllabus applicable from 2026-27 Academic session of Semester-V)

1. Preamble

Course Title	**Financial Management**
Course Code	BHA508
Credits	02
Number of hours per group	30 class hours

2. Course Description

This course provides a comprehensive understanding of principles of financial management and their application in hospitality industry, including financial planning, statement analysis, ratio analysis, cash flow, capital budgeting, and working capital management. Students develop the ability to evaluate financial performance, make investment and financing decisions, manage cash and receivables, and apply financial concepts effectively in business and hospitality organizations.

3. Learning Outcomes

By the end of the course, the learner will be able to

Knowledge

1. Explain the concepts, scope, objectives, and functions of financial management.
2. Differentiate between various sources of finance and their suitability for business organizations.
3. Describe the purpose and components of financial statements and financial analysis.
4. Explain the concepts, objectives, and applications of ratio analysis and cash flow analysis.
5. Describe the principles and techniques of capital budgeting for investment decisions.
6. Explain the concepts, types, and importance of working capital management.
7. Describe the principles of cash management and receivables management for maintaining liquidity.
8. Explain the role of financial management in enhancing organizational performance and sustainable growth.

Competencies

1. Analyse financial statements to assess the financial performance and position of an organization.
2. Calculate and interpret financial ratios for evaluating liquidity, profitability, efficiency, and solvency.
3. Prepare and interpret Cash Flow Statements in accordance with AS-3 requirements.
4. Apply capital budgeting techniques such as Net Present Value (NPV) and Profitability Index (PI) to evaluate investment proposals.
5. Assess working capital requirements and recommend suitable financing strategies.
6. Develop effective cash management and receivables management plans for business operations.
7. Evaluate financial information to support operational, tactical, and strategic decision-making.
8. Apply financial management concepts to solve real-world business and hospitality industry problems.

Mindset

1. Develop a value-driven approach to financial planning and decision-making.
2. Foster analytical and critical thinking while interpreting financial information.
3. Cultivate financial responsibility and accountability in resource utilization.
4. Appreciate the importance of ethical practices in financial management.
5. Develop a strategic outlook towards investment, financing, and working capital decisions.

6. Build confidence in evaluating financial risks and business opportunities.
7. Promote a continuous improvement mindset through regular financial performance evaluation.
8. Demonstrate professionalism and informed judgment in managing organizational financial resources.

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UNIT 1: FINANCIAL MANAGEMENT – AN INTRODUCTION: **a)** Meaning of Finance, Business Finance and Financial Management **b)** Scope of Financial Management (Modern Approach) i.e. Finance Functions **c)** Objectives of Financial Management – Profit Maximization Objective Vs. Wealth Maximization Objective **d)** Various Sources of Finance (Long-Term and Short-Term Sources of Finance) **e)** Concept of Cost of Capital & Time Value of Money (Meaning only)
UNIT 2: ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS: **a)** Meaning and Types of Financial Statements **b)** Meaning of Financial Analysis **c)** Advantages and Limitations of Financial Analysis **d)** Various Techniques of Financial Analysis **e)** Types of Financial Analysis **f)** No Practical Questions
UNIT 3: RATIO ANALYSIS AND CASH FLOW ANALYSIS: **a)** Meaning, Advantages and Limitations of Ratio Analysis **b)** Types of Ratios – Liquidity, Profitability, Turnover and Solvency Ratios **c)** Practical Questions on Ratio Analysis **d)** Meaning and Advantages Cash Flow Analysis **e)** Preparation of Cash Flow Statement as per AS-3 (with Format) **f)** No Practical Questions on Cash Flow Analysis
UNIT 4: LONG TERM INVESTMENT DECISIONS – CAPITAL BUDGETING: **a)** Meaning, Features and Importance of Capital Budgeting Various Methods of Capital Budgeting (Discounted Cash Flow Techniques only – NPV, PI & IRR) **b)** Practical Questions on NPV and PI Methods only
UNIT 5: SHORT TERM INVESTMENT DECISIONS – WORKING CAPITAL MANAGEMENT **I. Introduction to Working Capital Management** **a)** Working Capital – Meaning & Components **b)** Various Concepts of Working Capital (Gross Working Capital & Net Working Capital) **c)** Need for Working Capital in Business **d)** Types of Working Capital (Permanent & Temporary Working Capital) **e)** Determinants of Working Capital Needs **f)** Importance of Working Capital Management **II. Management of Cash** **a)** Meaning of Cash **b)** Motives for Holding Cash **c)** Factors Determining Cash Needs **d)** Cash Management Techniques **e)** Cash Budget **f)** No Practical Questions **III. Management of Receivables** **a)** Meaning of Receivables **b)** Meaning of Receivable Management **c)** Costs of Receivables Management **d)** Factors Affecting the Size of Receivables **e)** Credit Policies i.e. Policies for Managing Receivables **f)** Credit Analysis – Obtaining Credit Information of Customers and Analysis of Credit Information

Reference Books:

1. Financial Management by Dr S. N. Maheswari, Sultan Chand & Sons Publishers
2. Financial Management by I. M. Pandey, Vikas Publishing House Pvt. Ltd.
3. Financial Management by M Y Khan and P K Jain, McGrow Hill Publishing Company
4. Financial Management by Prasanna Chandra, McGraw Hill Publishing Company
5. Financial Management by Shashi K Gupta, R K Sharma and Neeti Gupta, Kalyani Publishers