NATIONAL UNIVERSITY

Syllabus
Department of Finance & Banking

Detailed Syllabus of Third Year

Four-Year B.B.A. (Honours) Course
Effective from the
Session : 2009–2010
# National University

## Syllabus for 4 years BBA Honours Course

**Subject**: Finance & Banking

### Third Year (Honours)

<table>
<thead>
<tr>
<th>Course Code</th>
<th>Course Title</th>
<th>Marks</th>
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<tr>
<td>2472</td>
<td>Portfolio Management</td>
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<td>2473</td>
<td>Financial Analysis</td>
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<td>8264</td>
<td>Entrepreneurship</td>
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<td>Financial Management (in English)</td>
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<td>Business &amp; Commercial Laws</td>
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<td>8241</td>
<td>Banking and Insurance Theories, Laws and Accounts</td>
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<td>8266</td>
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</table>
**Course Title:** Portfolio Management

1. **Introduction:** What is portfolio Management; Phases of Portfolio Management: Securities Market; Security Analysis; Portfolio Analysis; Portfolio Selection; Portfolio Evolution; Portfolio Revision; Evolution of Portfolio Management; Role of Portfolio Management.

2. **Investment:** Meaning of Investment; Financial and Economic Meaning of Investment; Characteristics of Investment; Objectives of Investment; Investment Vs Speculation; Investment Vs Gambling; Types of Investors; Investment Avenues.

3. **Risk:** Meaning of Risk; Elements of Risk; Systematic Risk; Unsystematic Risk; Measurement of Risk; Measurement of Systematic Risk.

4. **Fundamental Analysis:** Economy Analysis: Meaning of Fundamental Analysis; Economy-Industry – Company Analysis Framework; Economy Analysis; Economic Forecasting; Forecasting Techniques: Anticipatory Surveys; Barometric Approach; Econometric Model Building; Opportunistic Model Building.

5. **Industry and Company Analysis:** Industry Analysis: Concept of Industry; Industry Life Cycle; Industry Characteristics; Company Analysis: Financial Statements; Analysis of Financial Statements; Other Variables; Assessment of Risk.

6. **Technical Analysis:** Meaning of Technical Analysis; Basic Principles of Technical Analysis; Trends and Trend Reversals; Chart Patterns; Elliot Wave Theory; Mathematical Indicators; Market Indicators.

7. **Efficient Market Theory:** Random walk Theory; The Efficient Market Hypothesis; Forms of Market Efficiency; EVH Vs Fundamentals and Technical Analysis; Competitive Market Hypothesis.

8. **Portfolio Analysis:** Expected Return of a Portfolio; Risk of a Portfolio; Reduction of Portfolio Risk Through Diversification: Security Returns Perfectly Positively Correlated; Security Returns Perfectly Negatively Correlated; Security Return Uncorrelated; Portfolio With More than two Securities; Risk –Return Calculation of Portfolios with more than two Securities.

9. **Portfolio Selection:** Feasible set of Portfolios; Selection of Optimal Portfolios; Limitations of Markowitz Model; Single Index Model; Multi-Index Model.

10. **Portfolio Evaluation:** Need for Evaluation; Evaluation Perspective; Meaning of Portfolio Evaluation: Measuring Portfolio Return; Risk Adjusted Returns; Differential Return; Decomposition of Performance.

**Recommended Text Book**

Course Title: Financial Analysis

1. **Introduction to Financial Reporting and Analysis**: Major financial statements and other information sources: financial statement analysis framework; the classification of business activities; accounts and financial statements; the accounting process; accruals and valuation adjustments; accounting system; using financial statements in security analysis; the objective of financial reporting; financial reporting standard setting bodies and regulatory authorities; effective financial reporting.

2. **Understanding the Income Statement**: Components and format of the income statement; revenue recognition, general principles, recognition in special cases, implications for financial analysis; expense recognition, general principles, issues in recognition, implications for financial analysis; Nonrecurring items and non-operating Items, Discontinued Operations, Extraordinary Items, Unusual or Infrequent Items, changing in Accounting Standards, Non-operating Items; EPS; Analysis of the income statement, Common-size analysis of the income statement, Income statement ratios; Comprehensive income.

3. **Understanding the balance sheet**: Components and format of the balance sheet; Measurement bases of assets and liabilities, current assets, current liabilities, Tangible assets, Intangible assets, Financial instruments; Equity, Components of Equity, Statement of changes in shareholders Equity; Uses and analysis of the balance sheet, Common-size analysis of the balance sheet, balance sheet ratios.

4. **Understanding the cash flow statement**: Components and format of the cash flow statement, classification of cash flows and non cash activities, Direct and indirect cash flow formats for reporting operating cash flow; Linkages and preparation; the cash flow statement analysis, evaluation of the sources and uses of cash, common-size analysis of the cash flow statement, free cash flow to the firm and free cash flow to equity, cash flow ratios.

5. **Financial analysis techniques**: The financial analysis process, The objectives of the financial analysis process, Distinguishing between computations and analysis; Analysis tools and techniques, ratios, Common-size analysis, The use of graphs as an analytical tool, regression analysis; Common ratios used in financial analysis, Interpretation and context, activity ratios, Liquidity ratios, Solvency ratios, Integrated financial ratios analysis; Equity analysis, Valuation ratios, Industry-specific ratios, Research on ratios in Equity analysis; Credit analysis, The credit rating process, Research on ratios in credit analysis.

6. **Inventories**: Cost of inventories; Inventory valuation methods; Measurement of inventories value; Presentation and disclosure; Evaluation of inventory management; inventory ratios; financial analysis illustration.

7. **Applications of Financial Reporting and Analysis**: Financial reporting quality; Red flags and accounting warning signs; Stretching out payables; Financing of payables; Secularization of receivables; Tax benefits from stock options; Stock buybacks to offset dilution; other means; Evaluating past financial performance; Projecting future financial performance; Assessing credit risk; Screening for potential equity investments; Analyst adjustments to reported financials, Framework, adjustments related to investments, Inventory, PPE, Goodwill, Off-balance sheet financing.

**Books Reference:**
1. Financial Statement Analysis By Leopold A. Brenstein- Fifth Edition
2. Financial Analysis and valuation By Krishna G. Palepu, PhD, Paul M. Healy, PhD, Victor L. Brenard, PhD, Second edition
1. **Introduction to Entrepreneurship:** Meaning of entrepreneurship, entrepreneur and intrapreneurship-historical background of the concept of entrepreneurship-entrepreneurial process-causes for interest in intrapreneurship, climate for intrapreneurship-establishing intrapreneurship in the organization-types of entrepreneurship-classification of entrepreneurs-entrepreneur background and characteristics-common qualities of an entrepreneur-role of entrepreneurs in developing countries like Bangladesh-entrepreneurial careers and education-ethics and social responsibility of entrepreneurs-need for the study of entrepreneurship-methods of assessing self entrepreneurial qualities-Theories of Entrepreneurship: Psychological theories, socio-psychological theories and cultural theories, other theories and models of entrepreneurship.

2. **Entrepreneurial Environment and Business Opportunity Identification:** Analysis of business environment-political, economic, legal and technical aspects of environment, environmental scanning procedure, SWOT analysis, techniques of environmental analysis.

3. **Entrepreneurial and Small Business:** Definition of small business, its comparison with large business, features of small business, stages of small business development, role of small business, reasons for success and failure of small business.

4. **Planning of Small Business:** Definition, importance, uses and features of a business plan, steps to develop a business plan, pitfalls to avoid in making business plan.

5. **Financing Small Enterprise:** Planning financial needs, using capital in small business, sources of finances for small firms, working capital and request for institutional loan.

6. **Creativity and Marketing Idea:** Sources of new ideas-innovation and new product development process, production process, production elements and plan, production control process, marketing process and Marketing Plan.

7. **Entrepreneurship and Small Business Development in Bangladesh:** Entrepreneurship development potentiality, need for training and development, problems of organizing entrepreneurship development training, role of SME Foundation, BSCIC and other organization under the entrepreneurship and small business development in Bangladesh-Entrepreneurship Case Analysis. Women Entrepreneurship in Bangladesh.


9. **Writing a Business Plan:** Assignment for Internal Evaluation (Marks: 20)

**Books Recommended:**

1. Dr. AHM Habibur Rahman : Entrepreneurship (Latest Edition)

1. **Introduction:** Definition of Management Accounting and Its Relation with Financial and Cost Accounting, Management Accounting and Decision Making, Importance of Ethics, Management Accounting in Service and Nonprofit Organizations, Cost-Benefit and Behavioral Considerations, Management Process and Accounting, Planning and Control for Product Life Cycles and the Value Chain, Career Opportunities in Management Accounting, Changes in Business Processes and Management Accounting, Management Accounting Profession.


5. **Relevant Costs for Decision Making:** Management’s Decision-making Process-Identifying Different Costs and Benefits- Different Costs for Different Purposes-The Incremental Analysis Approach-Types of Incremental Analysis- Accept an Order at a Special Price-Make or Buy-Sell or Process Further-Retain or Replace Equipment- Eliminate an Unprofitable Business Segment-Allocate Limited Resources.

6. **Budgeting and Budgetary Control:** Budgets and the Organization; Potential Problems in Implementing Budgets, Planning Horizon (Strategic Plan and Long-Range Planning); Types of Budgets: Master Budget (Pro Forma Statements) and Continuous Budgets (Rolling Budgets); Components of a Master Budget: Operating Budget/Profit Plan (Sales budget, Purchases budget, Cost of goods sold budget, Operating expenses budget, Budgeted income statement), and Financial budget (Capital budget, Cash budget, Budgeted balance sheet); Preparing the Master Budget; Activity-Based Master Budgets (Functional Budgets and Activity-Based Budgets).

7. **Flexible Budget:** Flexible Budget and Fixed Budget-Characteristics of Flexible Budget-Advantages of Flexible Budget-Segregation of Semi-variable Cost-Preparation of Flexible Budget.

8. **Standard Costing:** Concepts-Standards and Budgets-Advantages of Standard Costing-Analysis of Material, Labor and Overhead Variances.

**Books Reference:**


3. **Theory of Capital Structure**: Introduction to the Theory; Assumptions and Definitions; NI Approach, NOI Approach and Traditional Approach; Modigliani-Miller (MM) Position; Arbitrage process; Taxes and Capital Structure; Corporate plus Personal Taxes; Merton Miller’s Equilibrium; Effects of Bankruptcy Costs, Tradeoff model, Pecking order theory.

4. **Dividend Policy**: Procedural Aspects of Paying Dividends; Types of Dividend Policies; Factors Affecting Dividend Policy; Dividend Payout Irrelevance; Arguments for Dividend Payout Mattering; Impact of Other Imperfections; Financial Signaling; Share Repurchase; Method of Repurchase; Repurchasing as Part of a Dividend Decision; Stock Dividends; Stock Splits.


6. **Lease Financing**: Definition of Lease, Types of Leases, Leasing Arrangements, Advantages and Disadvantages of Lease, Lease versus Purchase Decision, Leasing in Bangladesh-Problems and Prospects.


**Books Recommended:**


4. **The Trade Marks Act, 2009**: Registration procedures and duration, Effects of registration, Use of trademark.

5. **The Partnership Act, 1932**: The nature of partnership–Relations of partners to one another–Relations of partners to third parties–Incoming and outgoing partners–Dissolution of a firm–Registration of firms.


**Reference Statutes:**

- The Contract Act, 1872
- The Sale of Goods Act, 1930
- The Negotiable Instruments Act, 1881
- The Trade Marks Act, 2009
- The Partnership Act, 1932
- The Bangladesh Labor Act, 2006
- The Bangladesh Environment Conservation Act, 1995
- The Arbitration Act, 2001
- The Competition Act, 2012

Part-A: Banking Theories, Laws and Accounts (50%)

1. **Introduction**: Definition, Evolution, Classification, Functions, Objectives, and Principles of Bank, Functions of commercial bank, Objectives of Commercial Bank, Forms of advance, Types of security, Electronic banking services, Functions of central bank, Credit control of central bank, Principles of note issue, Method/systems of note issue, Role of bank in economic development, Structure of banking system in Bangladesh.

2. **Banking Company in Bangladesh**: Business and licensing of bank companies, Paid up capital and reserves, Appointment and removal of directors and chief executive officer, Illegal banking transactions by companies, Acquisition of the undertaking of banking companies, Suspension of business and winding up of banking companies, Restriction on loans and advances, Issuance of policy directions by BB, Remission of loans, Classified Loan and Loan Loss Provisions, Operation and management, Inspection and investigation, Submission of return and reports.


4. **Financial Statements of Banking Companies**: Preparation of Financial Statements of Banking Companies as per BB’s Guidelines.

Part-B: Insurance Theories, Laws and Accounts (50%)

1. **Insurance Company in Bangladesh**: Definition and Evolution of Insurance, Functions, Importance and Classification of Insurance, Essential element of insurance, Insurable interest, Classification of insurance policies under life insurance, marine insurance and fire insurance, Reinsurance.

2. **Insurance Company in Bangladesh**: Insurance Development and Regulatory Authority (IDRA), Registration and renewals, Determination of premium rates, Capital and deposits, Margin of safety, Insurable interests, Actuarial report and abstract, Registers, Submission of returns, Investment of assets, Solvency margin, Loans and Management, Investigation and power of regulatory authority, Assignment and transfer of policies, Commissions, rebates and management expenses, Distribution of dividend, bonus and profit, Licensing of agents, Survey and surveyors.

3. **Calculation of Premium and Claims of Insurance**: Calculation of net single and annual premium of life insurance, Methods of payment of claim in life insurance, Calculation of loss and actual claims in marine insurance and fire insurance.

4. **Financial Statements of Insurance Companies**: Preparation of Financial Statements of Insurance Companies as per Guidelines of the IDRA.

Reference Statutes:
2. The Banking Companies Act, 1991
3. The Bangladesh Bank Order 1972
4. The Insurance Act, 2010
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4. **Identifying Market Segments and Targets:** Different Levels of Market Segmentation, Divide a Market into Segments, Requirements for Effective Segmentation, Segmenting for Business Markets, Steps in Segmentation Process, Effective Segmentation Criteria, Porter’s 5 Forces Model.

5. **Building Strong Brands:** Creating Brand Equity: Brand, the Role of Branding, Brand Equity, Building, Measuring and Managing Brand Equity; Crafting the Brand Position: Developing and Establishing an Effective Brand Positioning in the Market, Brand Differentiation Strategies, Means of Differentiation; Competitive Dynamics: Expanding the Total Market, Protecting Market Share, Market Challenger Strategies, Market Follower Strategies, Market Nicher Strategies, Product Life Cycles.


8. **Developing Pricing Strategies and Programs:** Common Pricing Mistakes, Processing and Evaluating Prices by Consumers, Setting Prices Initially for Products or Services, Adapting Prices to Meet Varying Circumstances and Opportunities, Initiating a Price Change, Responding to a Competitor’s Price Challenge.

**Text Book:**