

# NATIONAL UNIVERSITY



## Third Year Syllabus Department of Finance & Banking

Four-Year B.B.A. (Honours) Course  
Effective from the Session: 2013–2014

## National University

### Subject: Finance & Banking

Syllabus for Four-Year BBA Honours Course  
Effective from the Session: 2013-2014

Year-wise Papers and marks distribution.

### Third Year

Paper Code	Paper Title	Marks	Credits
232401	Portfolio Management	100	4
232403	Financial Analysis & Control	100	4
232405	Entrepreneurship	100	4
232407	Management Accounting	100	4
232409	Auditing	100	4
232411	Islamic Banking	100	4
232413	Marketing of Financial Service	100	4
232415	Financial Management	100	4
	Total =	800	32

### Detailed Syllabus

Paper Code: 232401	Marks: 100	Credits: 4	Class Hours: 60 hrs.
Paper Title :	PORTFOLIO MANAGEMENT		

1. **History of Interest Rates and Risk Premiums:** Determination of levels of interest rates; Risk and risk premiums; Real versus nominal risk; Return distribution and value at risk.
2. **Risk and Risk Aversion :** Risk and risk aversion; Portfolio risk; Portfolio Mathematics.
3. **Capital Allocation between Risky and Risk-free Assets:** Capital allocation across risky and risk-free portfolios, Portfolios of one risky and one risk-free assets; Risk tolerance and asset allocation; the capital market line.
4. **Optimal Risky Portfolios :** Diversification and Portfolio risk, Portfolio of two risky assets : Asset allocation; The Markowitz Portfolio Selection Model; The Spreadsheet Model; Optimal portfolios with restrictions on risk-free assets.
5. **The Capital Asset Pricing Model :** The CAPM; Extensions of the CAPM; The CAPM and liquidity.
6. **Index Models :** A single-index security market; The CAPM and the Index Model; The industry version of the Index Model; Index Models and tracking portfolios.

7. **Arbitrage Pricing Theory and Multifactor Models of Risk and Return:** Overview of Multifactor Models; APT; Individual Assets and APT; A Multifactor Apr; where to look for factor.
8. **Market Efficiency and Behavioral Finance:** Random Walk and EMH; Implications of EMH; Event studies and market efficiency dilemma; Behavioral interpretation of market efficiency.
9. **Macro-economic and Industry Analysis:** The global versus domestic economy; Demand and supply shocks; Business cycle; Industry analysis;
10. **Portfolio Performance Evaluation:** Measuring investment returns; The conventional theory of performance evaluation; Performance measurement with changing portfolio composition; market timing; Performance attribution process; Style analysis.
11. **International Diversification :** Global market for equities, Risk return and benefit of factors in international investing and diversification.
12. **The Theory of Active Portfolio Management:** Meaning and objectives of active portfolio management; Market timing; Security selection.

**Book Recommended :**

1. Bodie, Kane and Marcus : *Investments, McGraw-Hill*
2. Robert A. Haugen : *Modern Investment Theory*

<b>Paper Code:</b> 232403	<b>Marks:</b> 100	<b>Credits:</b> 4	<b>Class Hours:</b> 60 hrs.
<b>Paper Title:</b>	<b>FINANCIAL ANALYSIS &amp; CONTROL</b>		

1. **A Framework for Business Analysis and Valuation Using Financial Statements:** The Role Financial Reporting in Capital Markets; From Business Activities to Financial Statements; From Financial statements to Business Analysis.
2. **Strategy Analyses:** Industry analysis; Degree of Actual and Potential Competition; Relative Bargaining power in input and output markets; Applying industry Analysis; The personal computer industry; Competitive strategy Analysis; Applying competitive strategy Analysis; corporate strategy Analysis.
3. **Overview of Accounting Analysis:** The industry framework for financial reporting; Doing Accounting Analysis; Accounting Analysis pitfalls; Value of Accounting data and Accounting Analysis.
4. **Asset Analysis:** Historical cost and conservatism; Asset reporting challenges; common misconceptions about asset accounting.
5. **Liability and Equity Analysis:** Liability definition and Reporting Challenging; Common Misconception about liability Accounting; Equity definition and Reporting challenges.
6. **Financial Analysis:** Ratio Analysis; Cash flow analysis.

7. **Prospective Analysis:** Forecasting; Relation of Forecasting recasting to other analyses; The techniques of forecasting; Elements of the detailed forecast; sensitive Analysis.
8. **Equity security Analysis:** Investor objectives; Equity security and market efficiency; Approaches to fund management and securities analysis: The process of a comprehensive security analysis; Financial statement
9. **Credit Analysis and Distress Prediction:** The market for credit; The credit analysis process; Financial statement analysis and public debt; prediction of distress and turnaround.
10. **Corporate financing policies:** Factors that determine firm's debt policies; the optimal long - term mix of debt and equity; the financing of new projects; factors that determine firm's dividend policies.

**Book Recommended:**

1. Palepu, Healy & Bernard South : *Business Analysis and Valuation*, South-Western College Publishing
2. George Foster : *Financial Statement Analysis*, 2nd edition
3. S.H. Penman : *Financial Statement Analysis and Security Valuation*

<b>Paper Code:</b> 232405	<b>Marks:</b> 100	<b>Credits:</b> 4	<b>Class Hours:</b> 60 hrs.
<b>Paper Title:</b>	<b>ENTREPRENEURSHIP</b>		

1. **Introduction to Entrepreneurship:** Meaning of entrepreneurship, entrepreneur and entrepreneurship-historical background of the concept of entrepreneurship- entrepreneurial process-causes for interest in entrepreneurship, climate for entrepreneurship-establishing entrepreneurship in the organization-types of entrepreneurship-classification of entrepreneurs-entrepreneurs 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-methods of assessing self entrepreneurial qualities-Theories of entrepreneurship: Psychological theories, Socio-psychological theories and cultural 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. **Introducing Small Business :** Definition, Types, Forms of Small Business, Advantage and disadvantage of Small Business.
4. **Planning of Small Business:** Definition, Importance, uses and features of a business plan, how to prepare a business plan, pitfall to avoid in making business plan.
5. **Franchising:** Meaning, purpose of franchising, franchise agreement, cost of franchise.
6. **Financing Small Enterprises:** Planning financial needs, using capital in small business, Sources of financing for small firms, working capital and request for institutional loan.

7. **Entrepreneurship and Small Business Development in Bangladesh:** Role of SME foundation, BSCIC and other organization under the entrepreneurship small business development in Bangladesh-Women entrepreneurship in Bangladesh.
8. **Business Documents Collection Procedure and Maintenance:** Issuing trade license, collecting TIN Number, VAT registration, Opening business account with bank and other non-banking financial institutions, collecting association membership, partnership agreement, registration of joint stock companies, registration of cooperative society, registration of foundation, registration of NGO-IRC, ERC, opening a L/C, export documentations-import documentations-Insurance-fire-environment-intellectual property-trade mark Patents, Copyrights and Trade secrets, and other relevant business documents collection procedure and maintenance.
9. **Writing a Business Plan:** Assignment for internal evaluation (Marks: 20)

**Books Recommended:**

1. Dr. A H M Habibur Rahman : *Entrepreneurship* (Latest Edition)
2. Robert D. Hisrich & Others : .....6<sup>th</sup> edition,  
McGraw Hill

<b>Paper Code:</b> 232407	<b>Marks:</b> 100	<b>Credits:</b> 4	<b>Class Hours:</b> 60 hrs.
<b>Paper Title:</b>	<b>MANAGEMENT ACCOUNTING</b>		

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 Production Life Cycle and the Value Chain. Career Opportunities in Management Accounting. Changes in Business Process and Management Accounting. Management Accounting Profession.
2. **Cost Concepts and Classifications:** General Cost Classifications-Cost Classifications on Financial Statements-the Flow of Cost in Manufacturing Company-Cost Classifications Predicting Cost Behavior-Cost Classifications for Decision Making.
3. **Absorption and Variable Costing:** Variable and Absorption Costing. Variable vs. Absorption Costing. Operating Income and Income Statements, Absorption Costing and Performance Measurement. Comparing Inventory Costing Methods : Absorption, Variable & Throughput/Super-Variable Costing, and Actual, Normal & Standard Costing. Denominator –Level Capacity Concepts and Fixed-Cost Capacity Analysis, Choosing a Capacity Level for different purposes. Planning and Control of Capacity Costs.
4. **Cost-Volume-Profit Relationships:** Identifying Resources, Activities, Costs, and Cost Drivers, Variable and Fixed Costs, CVP Analysis: Computing the Break-Even Point (BEP), Graphing the BEP, Changes in Fixed Expenses. Changes in Unit Contribution Margin. Target Net Profit and an Incremental Approach. Multiple Changes in Key Factors; Additional Uses of CVP Analysis : Best Cost Structure, Operating Leverage. Margin of Safety, Contribution Margin and Gross Margin: Nonprofit Application of CVP Analysis, Sales-Mix Analysis, Impact of Income Taxes.

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, Purchase 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 Recommended :**

1. C.T. Horngren, G.L. Sundem, W.O. : *Introduction to Management Accounting* (Latest Edition), Upper Saddle River, New Jersey : Prentice Hall.
2. Rah H. Garrison, Eri w. Noreen and : *Managerial Accounting* (Latest Edition), Boston: Peter C. Brewer McGraw-Hill and Irwin
3. Prof. Shanti Naraya Ghosh, Prof. : *Management Accounting*, Nadi Publications  
Swapan Kumar Bose & Prof.  
Jalal Uddin Ahmed

<b>Paper Code : 232409</b>	<b>Marks : 100</b>	<b>Credits : 4</b>	<b>Class Hours : 60 hrs.</b>
<b>Paper Title :</b>	<b>AUDITING</b>		

1. **The Demand for Audit and Other Assurance Services:** Definition of auditing, Nature of Auditing, Distinction Between Auditing and Accounting, Economic Demand for Auditing, Assurance Services, Types of Audits and Auditors.
2. **The Auditing Profession:** Chartered Accounting (CA) Firms and their Activities, Structure of CA Firms, Role of BSEC in relation to auditing, BSEC's Corporate Governance Guidelines and Audit vs. Non-audit Activities, ICAB, US GAAS, International Standards on Auditing (ISA) and Bangladesh Standards on Auditing (BSA), Statutory Cost Audit.
3. **Audit Reports:** Part of the Audit Report, Categories of Audit Reports, Report on Internal Control Over Financial Reporting, Unqualified Audit Report with Explanatory Paragraph or Modified Wording, Conditions Requiring a Departure from Unqualified Opinion, Audit

Reports Other Than Unqualified; Qualified Auditors' Reports (Qualified, Adverse and Disclaimer) and Auditors Reports with emphasis on materiality.

4. **Legal Liability:** The legal environment of audit profession, Auditors' Liability to clients, Auditors' Liability to third parties under common law, Auditors' Civil liability, Auditors' Criminal liability, Profession's response to liability.
5. **The Audit Responsibilities and Objectives:** Objective of Conducting an Audit of Financial Statements, Steps to Develop Audit Objectives, Management's Responsibilities, Objectives of the Auditor, Auditor's Responsibilities, Financial Statement Cycles, Setting Audit Objectives, Management Assertions, Transaction-Related Audit Objectives, Balance-Related Audit Objectives, Presentation and Disclosure-Related Audit Objectives, How Audit Objectives are Met, Phases of a Financial Statement Audit.
6. **Audit Evidence:** Definition of Evidence, Distinguishing among scientific, legal and audit evidence, Audit Evidence Decisions, Audit Program, Persuasiveness of Evidence, Types of Audit Evidence, Application of Types of evidence to the Evidence Decisions, Audit Documentation, Audit File Contents and Organization.
7. **Audit Planning Analytical Procedures:** Steps in Planning an Audit and Designing an Audit Approach, Initial Audit Planning, Obtaining an Understanding with the Client, Developing Overall Audit Strategy, Understanding of the Client's Business and Industry, Assess Client Business Risk, Preliminary Analytical Procedures, Analytical Procedures.
8. **Audit of Internal Control and Control Risk:** Internal Control Objectives, Management's Responsibilities for Establishing Internal Control, Management's Assessment of Internal Controls, Auditor Responsibilities for Understanding Internal Control and Testing Internal Control, Components of Internal Control, Process for Understanding Internal Control and Assessing Control Risk, Obtain and Document Understanding of Internal Control, Assessing Control Risk.
9. **Overall Audit Plan and Audit Program:** Audit Test, Types of Audit Tests: Risk assessment procedures and Further audit procedures, Relationship between Further Audit Procedures and Evidence, Audit Assurance at Different Levels of Internal Control Effectiveness, Impact of Information Technology on Audit Testing, Audit Program.
10. **Completing the Audit:** Performing audit tests related to presentation and disclosure, Review for contingent liabilities, Post-balance-sheet review for subsequent events, issuing the Audit Report, Communicate with the audit committee and Management.

**Books Reference:**

1. Alvin A. Arens, Randal J. Elder and Mark S. Beasley. *Auditing and Assurance Services* (Latest Edition) Upper Saddle River, New Jersey: Prentice Hall.
2. ICAB (Institute of Chartered Accountants of Bangladesh). *Assurance-Study Manual*, CA Professional Stage Knowledge Level (Latest Edition). Dhaka: ICAB.
3. ICAB *Audit and Assurance- Study Manual*, CA Professional Stage Application Level (Latest Edition) Dhaka: ICAB.

<b>Paper Code:</b> 232411	<b>Marks: 100</b>	<b>Credits: 4</b>	<b>Class Hours: 60 hrs.</b>
<b>Paper Title:</b>	<b>ISLAMIC BANKING</b>		

Foundation of Islamic Banking; Evolution of Islamic Banking and Financial Markets, Islamic Banking-Concepts, Basic Features and Objectives; Funding an Islamic Bank, Mobilization of Deposits; Liquidity Management; Islamic Modes of Investment; Working Capital, Import and Export financing by Islamic Banks; Rural Financing under Islamic Banks, Risk Management by Islamic Banks; Central Banking in Islamic Framework; Islamic Micro Finance Institutions, Implementation of Islamic Banking; Experience from different countries.

**Books Recommended:**

1. M. Kabir Hasan (Editor) : *Text Book on Islamic Banking, Islamic Research*
2. Mohammad Abdul Hamid : *Islamic Economics*
3. Sudin Haron Bala Shanmugam : *Islamic Banking System Concepts and Approach*

<b>Paper Code:</b> 232413	<b>Marks: 100</b>	<b>Credits: 4</b>	<b>Class Hours: 60 hrs.</b>
<b>Paper Title:</b>	<b>MARKETING OF FINANCIAL SERVICE</b>		

Changing Patterns of Financial Institutions Strategy; Competitor Analysis; Global Competitiveness of Financial Institutions; Information for Financial Institutions Services; Formulation of Optimum Strategy for Financial Institutions in view of Changing Environment of Financial Sector; Financial Service Environment; Financial Service Consumers; Identifying and Targeting Financial Prospects; Development and Management of Financial Products; Traditional Channels of Distribution; Technology-driven Distribution Channels; Pricing of Financial Services (Communication and Promotion : Building Customer Relationships; Customer Retention and Loyalty ; Corporate Financial Services.

**Books Recommended:**

1. Tina Harrison : *Financial Services Marketing*, Pearson Education Limited, Essex, England
2. Derek F. Channon : *Bank Strategic Management and Marketing*
3. Andrew Nuttey : *Selling Financial Service Products in the Era of the Euro*

<b>Paper Code:</b> 232415	<b>Marks: 100</b>	<b>Credits: 4</b>	<b>Class Hours: 60 hrs.</b>
<b>Paper Title:</b>	<b>FINANCIAL MANAGEMENT</b>		

1. **Goals and Functions of Finance:** Meaning of Financial Management, Financial Goal, Maximize Shareholders, Wealth, Maximization of EPS, Corporate decisions, Importance of Financial Management, Factors influencing financial decisions, Agency Problems, Dealing with Agency Problems, Principle of Financial Management, Social Responsibility, Corporate governance.
2. **Capital Budgeting and Risk Analysis:** Risk Evaluation approaches-Certainty Equivalents (CE), Risk-adjusted Discounted Rates (RADR), CE vs RADR, Probability Distribution Approach, Decision Tree Approach, Behavioral Approach for Dealing with Risk-Sensitivity Analysis, Simulation.



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 Capital Structure, Corporate plus Personal Taxes, Merton Miller's Equilibrium, Effects of Bankruptcy Costs, Tradeoff model, Packing 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 Matter, Impact of Other Imperfections, Financial Signaling, Share Repurchase, Method of Repurchase, Repurchasing as Part of Dividend Decision, Stock Dividends, Stock Splits.
5. **Capital Market financing:** Public Offering of Securities, Traditional Underwriting, Best Efforts Offering, Making a Market, Shelf Registrations, Flotation Costs, Government Regulations for Issuing Securities, SEC Review, SEC Regulations in the Secondary Market, Selling Common Stock Through a Rights Issue, Value of Rights, Success of the Offering, Standby Underwriting, Oversubscriptions, Rights Issue vs. Public Offering, Green Shoe Provision, Financing a Fledgling, Initial Public Offerings, Information Effects of Announcing a Security Issue, Types of Long-term Debt Instruments, Retirement of Bonds, Preferred Stock and its Features, Common Stock and its Features, Bond Refunding.
6. **Lease Financing:** Definition of Lease, Types of Lease, Leasing Arrangements, Advantages and Disadvantages of Lease, Lease versus Purchase Decision, Leasing in Bangladesh-Problems and Prospects.
7. **Working Capital Management:** Importance, Determinants of Working Capital, Policies for Financing Current Assets, Operating Cycle and Cash Conversion Cycle, Estimating Working Capital Requirement.

**Books Recommended:**

1. James C. Van Horne : *Financial Management and Policy*
2. James C. Van Horne & John M. Wachowicz : *Fundamentals of Financial Management*
3. Ghosh, Biswas, Bala, Sath, Hoques & Manik : *Financial Management*, Nadi Publications