

Semester – VII

601 FINANCIAL MANAGEMENT

Introduction: Nature, scope and functions, Financial decisions areas, Objectives of financial management, Framework for financial management, Working Capital Management: Concepts and components, Determinants of working capital requirement, Working capital conversion cycle and identification of risk. Cash and Marketable Securities Management: Objectives of cash management, Rational for holding cash, Determinants of cash needs, Cash management strategies.

Credit Policy: Optimal credit policy, Credit granting policy, Credit collection policy, Analysis of changes in credit policy Financial Markets: Money market, Institutional framework with reference to Pakistan, Capital Markets, Primary vs. secondary markets, Sources of Finance: Short term financing: Trade credit, commercial bank loans, collateral supported loans and commercial paper, Intermediate financing.

The Valuation Concepts: Key concepts of value, Time-value concept, The valuation process, The fundamental valuation model, Valuation of securities. Financial Forecasting: Short term financial projections: Cash budget and pro-forma financial statements, Long term financial projections.

Capital Budgeting: Nature & process, Estimation and identification of the relevant cash-flows, Capital budgeting evaluation techniques, Capital rationing.

Dividend Policy: Determinants of dividend policy, Alternate dividend policies.

Text Books:

1. Weston & Brigham: Essentials of Managerial Finance, The Dryden Press.
2. James C. Van Horne: Financial Management & Policy, Prentice Hall.
3. Gitman: Managerial Finance.
4. Richard Brearly & Stewart Myers: Principles of Corporate Finance. McGraw Hill.