

## **FIN 650: Financial Management**

The Finance Manager plays an important part in the operation of the business to understand its profit model and cost structure. This course is designed to provide necessary information to the students about the key functions of the finance manager, and his overall goal. The course covers three main aspects, (1) the analysis of financial data, (2) the determining of the organization's asset structure, and (3) determining of its financial structure. Topics covered in this course includes: introduction to financial management, financial institutions, time value of money, interest rates, loan amortization, definition of risks and returns, different sources of finances (short and long term), cost of capital, share and bond valuation, cash management, and financial statement analysis.

### **Course Contents:**

- 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; Valuation process; 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:**

- Weston & Brigham: Essentials of managerial finance, Dryden Press
- James C. Van Horne: Financial Management & Policy, Prentice Hall
- Gitman: Managerial Finance
- Richard Brearly & Stewart Myers: Principles of Corporate Finance. McGraw Hill