

FINANCIAL MANAGEMENT

Course Objectives

The module aims at building competence in corporate finance further by extending the coverage in Business Finance module to include three more of the finance functions – financial planning and control, working capital management and financing sources. It continues to emphasize on strategic decision making techniques that best serve the interests of shareholders, which is to maximize the value of the company.

At the end on this course the student will be able to understand:

-) Role of financial planning and control– financial forecasting and cash budgeting tools – in planning for the firm’s short term financial requirements
-) Working capital and its components, applications of different techniques that managers can use to manage various aspects of working capital – cash and liquidity, credit and receivables, inventories, etc.
-) Short term sources of financing
-) Long term financing –venture capital, equity, debentures etc
-) Different theories of capital structure, their predictions about optimal capital structure and the limitations of using debt in the firm’s capital structure

Course Contents

-) Meaning and Scope of Financial Management.
-) The Finance manager and the financial environment
-) Time Value of Money’
-) Share and Their Valuation
-) Risk and Return
-) Investment Appraisals
-) Analysis of Cash Flows
-) Analysis of Inventories
-) The Cost of Capital
-) Cash Flow Estimation and Other Topics in Capital Budgeting
-) Risk Analysis and the Optimal Capital Budget
-) Capital Structure

Reference Books

-) Ross, S. A., Westerfield, R. W. & Jordan, B. D. (2006) *Fundamentals of corporate finance*. 7th edition. New York: McGraw Hill
-) Eugene F. Brigham: *Fundamentals of Financial Management*, Jan 2013
-) White, Sondhi and Fried, *Analysis of Financial Statements*, 3rd Edition