



INSTITUTE OF BUSINESS & MANGEMENT (IB&M)
UNIVERSITY OF ENGINEERING AND TECHNOLOGY (UET),
LAHORE



COURSE OUTLINE

Course: **Financial Management**

Semester: **VI**

Credit Hours: **3**

Instructor: **Ms. Sara Kanwal/ Dr. Kanwal Iqbal Khan**

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Course Code: **MGT-351**

Class: **BBA (Hons) 2017**

Total hours: **16*3= 48**

Office Hours: Monday to Friday, 12:00-1:00pm Pre-requisite (if any): **Business Finance**

Course Introduction:

The course 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. This course integrates a variety of learning tools with concepts, techniques and practical applications to learn about Financial Management and control. The primary focus will be on real world financial statements concepts and practices used in the industry and will leverage on theories and concepts. This course is about to understand some high technique concepts like capital budgeting techniques of organizations, cost of capital, leverage and stock valuation. We will analyze issues and challenges that are common for professionals such as auditors, accountants, investment analysts and regulators.

An equally important component of this course is its emphasis on developing students' critical auditory and erudite writing skills to a level that is commensurate with university standards. The course teaching methodologies will be composed of lectures, quizzes, class discussion, assignments and presentations. students will be encouraged to participate and ask question at the end of each class session. Further, seminars and workshops for the students are arranged to excel their knowledge.

Learning objectives

Upon successful completion of the course, students should be able to:

1. Explain the general concept of financial management and analyze the financial framework and financial statements from the view point of investors, creditors and management.
2. Evaluate long-term investment decisions by applying a variety of capital budgeting techniques and appraising risk and refinements in capital budgeting
3. Evaluate short-term financial decisions and explain the costs and benefits of different working capital management financing strategies.
4. Evaluate long-term financial decisions and describe the factors that influence a firm's optimal capital structure and payout policies.
5. Explain the importance of international managerial finance and risk management using simple financing and investment evaluation techniques.

Sr#	Course Learning Objectives	Link with Program Learning Objectives
1.	To explain the general concept of financial management and analyze the financial framework and financial statements from the view point of investors, creditors and management.	<p>a. Demonstrate competency in the underlying concepts, theory, and tools taught in the core curriculum.</p> <p>b. Apply appropriate quantitative and qualitative techniques in solving business problems.</p>
2.	<p>To evaluate long-term investment decisions by applying a variety of capital budgeting techniques and appraising risk and refinements in capital budgeting.</p> <p>To evaluate short-term financial decisions and explain the costs and benefits of different working capital management financing strategies.</p> <p>To evaluate long-term financial decisions and describe the factors that influence a firm's optimal capital structure and payout policies.</p>	<p>a. Use analytical and reflective thinking techniques to identify and analyze problems</p>
3.	To explain the importance of international managerial finance and risk management using simple financing and investment evaluation techniques.	<p>a. Identify and analyze relevant global factors that influence decision-making</p> <p>b. Develop viable alternatives and make effective decisions in an international business setting.</p>

Text/Reference Books:

- **James C. Vanhorne: Fundamentals of Financial Management (Latest edition)**
- **Eugene F. Brigham and Houston: Fundamentals of Financial Management (Latest edition)**
- Lawrence J. Gitman: Principles of Managerial Finance
- Ross, Westerfield, Jordan: Corporate Finance Essentials.
- Brealey, R. A. & Myers, Principles of corporate finance.

Detailed Weekly Plan

BBA-2017

Week no.	Topics to be covered in the course	Learning Objective of this topic	Expected Outcomes from Students	Link with course learning objectives	Teaching Method	Assessment Criteria
1.	Understanding financial statements and cash flows.	The balance Sheet The income Statement	To understand that how to make financial statements , what is the background of financial statements , and to understand the importance and meaning of financial statements	An understanding of basic concepts of finance and finance theory	Lecture/ Numerical problems	Class Activity
2.	Understanding financial statements and cash flows.	Taxes Cash flow	To understand that how to make financial statements , what is the background of financial statements , and to understand the importance and meaning of financial statements	An understanding of basic concepts of finance and finance theory	Lecture/ Numerical problems	Class Activity
3.	Forecasting and planning (Developing a financial plan)	Steps of financial planning and forecasting	To understand that how to forecast financial statements, what is the background of forecasting financial statements , and to understand the importance and meaning of forecasting of financial statements	An understanding of basic concepts of finance and finance theory	Lecture/ Numerical problems	Class Activity/ Assignment 1
4.	Forecasting the financial statements	The Income Statement The Balance Sheet	To understand that how to forecast financial statements, what is the background of forecasting financial statements , and to understand the importance and meaning of forecasting of financial statements	An understanding of basic concepts of finance and finance theory	Lecture/ Numerical problems	Class Activity/ Quiz 1

5.	Forecasting the financial statements	AFN formula method Excess capacity adjustments	To understand that how to forecast financial statements, what is the background of forecasting financial statements , and to understand the importance and meaning of forecasting of financial statements	An understanding of basic concepts of finance and finance theory	Lecture/ Numerical problems	Class Activity/ Case study
6.	Analyzing the financial statements	Standardized financial statements. Liquidity Ratio analysis. Asset Management Ratios Debt Management ratios Profitability Ratios	To understand the financial statements how to make financial statements and should be able to interpret those statements and can analyze the firm's performance.	Analysis of Financial statements	Lecture/ Numerical problems	Class Activity/ Assignment 2
7.	Analyzing the financial statements	Market Value Ratios The Du-Pont Equation Internal and sustainable growth. Using financial statement information.	To understand the financial statements how to make financial statements and should be able to interpret those statements and can analyze the firm's performance.	Analysis of Financial statements	Lecture/ Numerical problems	Class Activity
8.	Mid-Term Exam					
9.	Risk and Return	Expected returns and risk defined Calculating expected return Calculating risk (Variance and Standard deviation) Portfolio expected returns Portfolio variance and standard deviation Systematic and unsystematic risk Diversification and portfolio risk The Cost of Capital	To identify different types of risks associated with projects and should know how to calculate the weighted average rate of return for a firm.	To describe the functions of business finance, an understanding of basic concepts of finance and finance theory	Lecture/ Class discussion	Class Activity

10.	Overview of Working Capital Management	Introduction Working Capital Concepts Financing Current Assets: Short-Term and Long-Term Mix	Explain how the definition of “working capital” differs between financial analysts and accountants. Understand the two fundamental decision issues in working capital management – and the trade-offs involved in making these decisions.	To provide an understanding of working capital management and its need	Lecture/ Class discussion	Class Activity
11.	Overview of Working Capital Management Cash and Marketable Securities Management	Asset Decisions Uncertainty and the Margin of Safety Risk and Profitability Motives for Holding Cash Speeding Up Cash Receipts S-l-o-w-i-n-g D-o-w-n Cash Payouts Outsourcing Cash Balances to Maintain Investment in Marketable Securities	Discuss how to determine the optimal level of current assets. Describe the relationship between profitability, liquidity, and risk in the management of working capital. Explain how to classify working capital according to its “components” and according to “time” (i.e., either permanent or temporary).	combines the current asset decision with the liability structure decision	Lecture/ Class discussion	Class Activity
12.	Accounts Receivable and Inventory Management	Credit and Collection Policies Analyzing the Credit Applicant Inventory Management and Control	Identify the various types of inventories and discuss the advantages and disadvantages to increasing/decreasing inventories. Define, explain, and illustrate the key concepts and calculations necessary for effective inventory management and control, including classification, economic order quantity (EOQ), order point, safety stock, and just-in-time (JIT).	Understand the basic tools of inventory management system and short-term financing	Lecture/ Class discussion	Class Activity/ Quiz 2
13.	Dividend policy	Payment of dividend and factors affecting dividend policy	To understand the capital structure and dividend policy decision making in firms.	To describe the functions of business finance, an understanding of basic concepts of	Lecture/ Class discussion	Class Activity/ Assignment 3

				finance and finance theory		
14.	Operating and Financial Leverage	<p>Operating Leverage</p> <p>Financial Leverage</p> <p>Total Leverage</p> <p>Cash-Flow Ability to Service Debt</p> <p>Other Methods of Analysis</p> <p>Combination of Methods</p>	<p>Define, calculate, and interpret a firm's degree of operating, financial, and total leverage.</p> <p>Understand EBIT-EPS break-even, or indifference, analysis, and construct and interpret an EBIT-EPS chart.</p> <p>Define, discuss, and quantify "total firm risk" and its two components, "business risk" and "financial risk."</p> <p>Understand what is involved in determining the appropriate amount of financial leverage for a firm.</p>	<p>Provide an overview of financial and operating leverage, its evolution and assessment criteria</p>	Lecture/ Class discussion	Class Activity
15.	Capital Structure Determination	<p>A Conceptual Look</p> <p>The Total-Value Principle</p> <p>Presence of Market Imperfections and Incentive Issues</p> <p>The Effect of Taxes</p> <p>Taxes and Market Imperfections Combined</p> <p>Financial Signaling</p> <p>Timing and Financial Flexibility</p> <p>Theories of Capital Structure</p> <p>Financing Checklist</p>	<p>Explain the net operating income (NOI) approach to capital structure and valuation of a firm; and, calculate a firm's value using this approach.</p> <p>Explain the traditional approach to capital structure and the valuation of a firm.</p> <p>Discuss the relationship between financial leverage and the cost of capital as originally set forth by Modigliani and Miller (M&M) and evaluate their arguments.</p>	<p>Know about the classical models and theories of capital structure</p>	Lecture/ Class discussion	Class Activity
16.	Final-Term Exam					

Grading Scheme:

Mid Term	30%
Final Exam	40%
Assignments/ class participation	15%
Quizzes	15%
Total	100%

There will be a closed-book mid-term exam (minimum duration 1 hour) and final-term exam (minimum duration 1.5 hours) in which material from lectures, assigned readings/handouts, and the textbook will be covered. The exams will test your understanding of the course material and your ability to apply the concepts learned.

Prior Preparation, Regular Attendance, and Professional Participation in all classes is expected and rewarded. Come to the Class prepared to lead the class discussion for analytical interpretations, alternative strategies, and persuasive solutions.

Attendance Requirements:

- Students failing to maintain a minimum attendance of 75% in a subject during a semester shall be awarded a "WF" grade.
- It is strongly recommended that students attend every class session.

Classroom Behavior:

In class all cell phones must be turned off or set on "silent mode." During lectures use of mobile phone or other gadgets without the permission of instructor is not allowed.

Students Responsibilities:

The Participant is responsible for all information presented in class (unless told otherwise) and all information in the reading assignments, whether or not covered by the instructor. In case of absence it is the participant's responsibility to get class notes, handouts, and/or directions from a classmate.

Honesty Policy:

A Participant found in cheating on any exam/ assignment/ project will receive no credit (i.e. no grade) for that exam/ assignment/ project.

Note: Kindly arrive on time and leave as scheduled. Quality of (almost) all communications, written and oral, will be evaluated.
