**INSTITUTE OF MANAGEMENT SCIENCES**

**HAYATABAD – PESHAWAR**

**Programme: MSc Finance**

**Course Title: Financial Management**

**Nature of Course: Core Course, 3 Credit-Hour**

**Course webpage:** [www.OpenDoors.Pk](http://www.OpenDoors.Pk)

**Course incharge: Dr. Attaullah Shah**

#### Course objectives

* To provide an understanding regarding fundamentals of financial management
* To enable students to understand financial decision-making and its role in the decision-making process of the entire firm
* To understand the role of financial planning and control
* To understand the concepts and the application of working capital and its components, short term and long term sources of financing, different theories of capital structure

**Course outline**

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| **Topic** | **Subtopics** |
| **OVERVIEW OF FINANCIAL MANAGEMENT** | Introduction  Financial decisions  The Goal of the firm  Organization of financial management  The financial Environment |
| **THE TIME VALUE OF MONEY-APPLICATION & PRACTICE** | The Interest Rate  Simple Interest  Compound Interest  Single amount, annuities and mixed flows  Compounding more than once a year  Semiannual and other compounding periods,  Continues compounding  Effective Annual interest rate  Amortizing loan |
| **FINANCIAL STATEMENTS ANALYSIS** | Need for Financial Statement Analysis  Tools of FSA  Liquidity Ratios  Debt Ratios  Efficiency Ratio  Profitability Ratios |
| **FINANCIAL PLANNING & FORECASTING** | Financial planning  Forecasting financial statements  Techniques for Forecasting Financial Statements  The AFN Formula |
| **THE VALUATION CONCEPTS** | The valuation process  The fundamental valuation model,  Valuation of securities: Bond, preferred stock. |
| **RISK AND RETURN** | Risk Behaviour, Return , Risk Measurement |
| **WORKING CAPITAL MANAGEMENT** | The Cash Conversion cycle  Managing Cash & Marketable  Receivable Management  Inventory Management |
| **CAPITAL BUDGETING** | Importance of Capital Budgeting  Generating Ideas for Capital projects  Projects Classification  Estimating Cash flows  Scenario and Sensitivity  Capital budgeting Techniques |
| **CAPITAL STRUCTURE** | Leverage Theory and Analysis. |
| **OPERATING & FINANCIAL LEVERAGE** | Operating leverage  Financial leverage  Total leverage  Cash flow ability to service debt |
| **MERGERS & ACQUISITIONS** | Needs and motive for mergers  Types of mergers  Friendly & Hostile take offs  Valuing mergers |

Students registered in this course will compulsorily required to regularly appear in tests, quizzes, presentation and other assignments those will be given throughout the semester.

#### RECOMMENDED BOOKS:

* **Fundamentals of Financial Management** by Eugene F. Brigham and Joel F. Houston,10th Edition
* **Fundamentals of Financial Management** by James C. Van Horne & John M. Wachowicz, Jr