**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** | IntroductionFinancial decisionsThe Goal of the firmOrganization of financial managementThe financial Environment  |
| **THE TIME VALUE OF MONEY-APPLICATION & PRACTICE** | The Interest RateSimple Interest Compound InterestSingle amount, annuities and mixed flowsCompounding more than once a yearSemiannual and other compounding periods, Continues compounding Effective Annual interest rateAmortizing loan |
| **FINANCIAL STATEMENTS ANALYSIS** | Need for Financial Statement Analysis Tools of FSALiquidity RatiosDebt RatiosEfficiency RatioProfitability Ratios  |
| **FINANCIAL PLANNING & FORECASTING** | Financial planningForecasting financial statementsTechniques for Forecasting Financial Statements The AFN Formula  |
| **THE VALUATION CONCEPTS** | The valuation processThe fundamental valuation model, Valuation of securities: Bond, preferred stock.  |
| **RISK AND RETURN**  | Risk Behaviour, Return , Risk Measurement  |
| **WORKING CAPITAL MANAGEMENT**  | The Cash Conversion cycleManaging Cash & Marketable Receivable Management Inventory Management |
| **CAPITAL BUDGETING**  | Importance of Capital BudgetingGenerating Ideas for Capital projectsProjects ClassificationEstimating Cash flows Scenario and Sensitivity Capital budgeting Techniques  |
| **CAPITAL STRUCTURE** | Leverage Theory and Analysis.  |
| **OPERATING & FINANCIAL LEVERAGE** | Operating leverageFinancial leverageTotal leverageCash flow ability to service debt |
| **MERGERS & ACQUISITIONS** | Needs and motive for mergersTypes of mergersFriendly & Hostile take offsValuing 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