Semester – VII

601  FINANCIAL MANAGEMENT

Introduction: 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, The valuation process, The
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: