

KARACHI UNIVERSITY BUSINESS SCHOOL

UNIVERSITY OF KARACHI

BBA – V (Hons.)

Course Title	:	FINANCIAL MANAGEMENT
Course Number	:	BA (H) – 551
Credit Hours	:	03

Objective

This course focuses on the theoretical and practical aspects of financial management. The course contains tools and techniques of financial management, which can be applied in the specific area of business to manage operating, financing and investing activities. The objective of this course is to provide the students with an in-depth knowledge of financial management to enable them to understand and apply strategic approach of financial management, use financial instruments for strategic financial management, examine the financial goals and policy of the business for proper application, develop financial plan to manage various financial activities of business.

Course Contents

1. An Overview of Financial Management

- 1.1 Importance of Financial Management
- 1.2 The Responsibilities of Manager Finance
- 1.3 Role of Finance in Organizational Structure of the Firm
- 1.4 The Goals of Corporation
- 1.5 Objective of Financial Management
- 1.6 Financial Strategy and Regulatory Requirements
- 1.7 Managerial Actions to Maximize Shareholders Wealth
- 1.8 Agency Relationships
- 1.9 The External Environment

2. Working Capital Policy

- 2.1 Working Capital Terminology
- 2.2 The Requirements of External Working Capital Financing
- 2.3 The Relationship of Working Capital Accounts
- 2.4 The Cash Conversion Cycle
- 2.5 Working Capital Investment and Financing Policies
- 2.6 Advantages and Disadvantages of Short – Term Financing

3. Short Term Financing

- 3.1 Sources of Short – Term Financing
- 3.2 Accruals Accounts Payables
- 3.3 Short- Term Bank Loans
- 3.4 Commercial Papers

4. Valuation Models

- 4.1 Key Concepts of Value
- 4.2 Time Value of Money
- 4.3 The Valuation Process
- 4.4 The Fundamental Valuation Model
- 4.5 Valuation of Securities
- 4.6 Bond Valuations
- 4.7 Preferred Stock

5. Financial Markets

- 5.1 An Overview
- 5.2 Money Market
- 5.3 Institutional Framework with Reference to Pakistan
- 5.4 Capital Markets
- 5.5 Primary Vs Secondary Markets
- 5.6 Organized Vs Over The Counter Market
- 5.7 Investment Banking and Public Securities Issue
- 5.8 Private Placement
- 5.9 Role of Financial Markets in Pakistan

6. The Cost of Capital

- 6.1 Cost of Debt
- 6.2 Cost of Preferred Stock
- 6.3 Cost of Retained Equity
- 6.4 Weighted Average Cost of Capital (WACC)
- 6.5 Managing Cost of Capital
- 6.6 MCC and IOS.

7. Capital Budgeting

- 7.1 Importance of Capital Budgeting
- 7.2 Link Between Investment Decisions and Customer Requirements
- 7.3 Generating Ideas for Capital Budgeting
- 7.4 Project Classification
- 7.5 Similarities between Capital Budgeting and Security Valuation
- 7.6 Capital Budgeting Evaluation Techniques



- 7.7 Comparison of The NPV and IRR Methods
- 7.8 Cash Flow Estimation
- 7.9 Relevant Cash Flow
- 7.10 Capital Budgeting
- 7.11 Introduction to Project Risk Analysis

7.12 Beta (or Market Risk) Risk

8. Capital Structure

- 8.1 The Target Capital Structure
- 8.2 Determining the Optimal Capital Structure
- 8.3 Capital Structure Theory

9. Risk Analysis

- 9.1 Risk and Return
- 9.2 Risk Behavior
- 9.3 Return Portfolio
- 9.4 Risk Measurement

10. Dividend Policy

- 10.1 Dividend Policy and Shares' Value
- 10.2 Investors and Dividend Policy
- 10.3 Factors Influencing Dividend Policy
- 10.4 Bonus Shares and Share Splits

11. Lease Financing

- 11.1 Features of Lease Types of Lease
- 11.2 Accounting and Tax Treatments of Leases
- 11.3 Evaluation by the Lessee
- 11.4 Evaluation by the Lessor
- 11.5 Other Issues in Lease Analysis
- 11.6 Why Firm Lease



Recommended Books

1. John J. Hampton, Financial Decision Making, Concepts, Problems and Cases, Prentice Hall, 1989.
2. Brigham and Houston, Financial Management, The Dryden Press, 2004.
3. Richard Breeley and Stewart Myers, Principles of Corporate Finance, McGraw Hill.
4. Gitman, Managerial Finance, Prentice Hall.
5. Ramesh, K.S. Rao, Fundamentals of Financial Management, Maxwell Macmillian (Latest International Edition), 1989.

