



## QURTUBA UNIVERSITY

Of Science and Information Technology

D.I Khan, Peshawar Khyber Pakhtunkhwa, Pakistan.

|                      |                                      |
|----------------------|--------------------------------------|
| <b>Course Name</b>   | <b>Financial Management</b>          |
| <b>Course Code</b>   | <b>Fin300</b>                        |
| <b>Semester</b>      | <b>5<sup>th</sup>/2<sup>nd</sup></b> |
| <b>Credit Hours</b>  | <b>03</b>                            |
| <b>Total Weeks</b>   | <b>16/18</b>                         |
| <b>Total Hours</b>   | <b>48/54</b>                         |
| <b>Total Marks</b>   | <b>100</b>                           |
| <b>Pre-requisite</b> | <b>FIN 209 / ACC301</b>              |

### Course Objectives

- The course has been designed to explain how financial theories can be applied to solve practical problems. The principal focus is on basic concepts, principles and techniques of financial management.
- In addition, it is a comprehensive coverage of the financial planning, the concepts and analysis of financial statements, working capital management, long-term and short terms financing and dividend policies etc.
- This course will prepare students to recognize relationship b/w finance and other business disciplines, as well as to be able to use synergy of those disciplines in decision making

### Grading Criteria

| <b>Distribution</b>                           | <b>Weight</b> |
|---|---------------|
| Quizzes, Assignments, and class participation | 10            |
| Mid Term                                      | 20            |
| Final Term                                    | 70            |
| Total   | 100           |

### Recommended Books

- **Fundamental of Financial Management By F. Brigham, Joel D. Houston 12<sup>th</sup> edition 2014**
- **Fundamental of Financial Management By James. C Van Horne, 13<sup>th</sup> edition 2014**

## WEEK WISE BREAKDOWN

| Week | Description   |
|------|---|
| 1    | <b><u>Introduction of Financial Management</u></b> <ul style="list-style-type: none"><li>• Definition of Financial Mgt</li><li>• Basic Function of Financial Management</li><li>• Goal of Firm</li><li>• Shareholders Wealth Maximization VS Value Creation</li><li>• Organization of Financial Management</li></ul>                      |
| 2    | <b><u>Time Value of Money</u></b> <ul style="list-style-type: none"><li>• Simple Interest</li><li>• Compound Interest</li><li>• Present value</li><li>• Future value</li><li>• Practical questions for simple and compound interest.</li></ul>  |
| 3,4  | <b><u>Annuity</u></b> <ul style="list-style-type: none"><li>• The Concept of Annuity<ul style="list-style-type: none"><li>○ Ordinary Annuity</li><li>○ Annuity Due</li><li>○ Perpetuity</li><li>○ Amortization table</li><li>○ Practical Problems on Annuities.</li><li>○</li></ul></li></ul>   |
| 5    | <b><u>Financial Statements Analysis</u></b> <ul style="list-style-type: none"><li>• Financial Statements</li><li>• Ratio Analysis<ul style="list-style-type: none"><li>○ Liquidity Ratio</li><li>○ Leverage Ratio</li><li>○ Profitability Ratio</li><li>○ Efficiency Ratio</li><li>○ Market Ratio</li><li>○ P/E Ratio</li></ul></li></ul> |
| 6    | <b><u>Analysis Cont.....</u></b> <ul style="list-style-type: none"><li>• DuPont Analysis</li><li>• Common Size Analysis</li><li>• Practical Problems.</li></ul>   |
| 7,8  | <b><u>Capital Budgeting:</u></b> <ul style="list-style-type: none"><li>• The concept of capital Budgeting.</li><li>• Capital Budgeting Techniques<ul style="list-style-type: none"><li>○ NPV</li></ul></li></ul>  |

|              |   |          |
|--------------|---|----------|
|              | <ul style="list-style-type: none"> <li>○ IRR</li> <li>○ PBP</li> <li>○ BCR</li> <li>● Practical Problems</li> </ul>   |          |
|              | Two Assignments + Two Test+ Presentation  | Mid Term |
| <b>9,10</b>  | <p><b><u>Financing Decision:</u></b></p> <ul style="list-style-type: none"> <li>● Need for Financing</li> <li>● Sources of Financing <ul style="list-style-type: none"> <li>○ Internal Source</li> <li>○ External Source</li> </ul> </li> <li>● Debt Financing</li> <li>● Equity Financing</li> <li>● Sources of Debt Financing <ul style="list-style-type: none"> <li>○ Bonds/Debentures</li> <li>○ Bank Loans</li> <li>○ Money Market Instruments</li> </ul> </li> <li>● Sources of Equity Financing <ul style="list-style-type: none"> <li>○ Common stock</li> </ul> </li> <li>● Sources of Hybrid Financing <ul style="list-style-type: none"> <li>○ Preferred Stock</li> <li>○ Lease financing</li> <li>○ Convertibles &amp; warrants</li> </ul> </li> </ul> |          |
| <b>11</b>    | <p><b><u>Cost of Capital</u></b></p> <ul style="list-style-type: none"> <li>● Cost of Capital</li> <li>● Weighted average cost of capital (WACC)</li> <li>● Calculation of Cost of Capital <ul style="list-style-type: none"> <li>○ Cost of Equity</li> <li>○ Cost of debts</li> </ul> </li> </ul>  |          |
| <b>12</b>    | <p><b><u>Working Capital:</u></b></p> <ul style="list-style-type: none"> <li>● The Concept of working capital</li> <li>● Need &amp; importance of WC</li> <li>● Types of Working Capital</li> <li>● Issues in Working</li> </ul>  |          |
| <b>13,14</b> | <p><b><u>Cash &amp; Accounts Receivables Management :</u></b></p> <ul style="list-style-type: none"> <li>● Motives for holding cash</li> <li>● Strategies for cash management</li> <li>● Speed of cash collection</li> <li>● Slowing down cash disbursement</li> <li>● Investment in Marketable Securities</li> <li>● Credit Terms</li> <li>● Credit and collection policies</li> <li>● Analyzing the credit applicant</li> <li>● Practical approach to A/R Mgt</li> </ul>  |          |

|              |  |
|--------------|--|
|              |  |
| <b>15,16</b> | <u><b>inventory Management &amp; Control</b></u> <ul style="list-style-type: none"> <li>• Introduction of Inventory</li> <li>• Classification of Inventory</li> <li>• ABC Method of Inventory</li> <li>• Economic order Quantity</li> <li>• Order point</li> <li>• Safety Stock</li> <li>• Just-in-time Inventory</li> </ul> |
|              | Two Assignments + Two Test+ Presentation <span style="float: right;">Final Term</span>   |

**Learning Outcomes: Financial Management and functions**

- **Goals of a firm**
- **Time value of money**
- **Financial statement analysis**
- **DuPont Analysis**
- **Cost of Capital**
- **Capital Budgeting**
- **Working Capital Management**