



College of Business and Economics
Department of Accounting and Finance

AcFn 2102

Financial Management II

BA Degree in Accounting and Finance

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The basic objective of this course is to familiarize students with the basics of investment, financing and dividend decisions that are the central thematic areas of finance profession.

This course is a continuation of Financial Management I. It emphasizes on building and applying financial models, following the principle of financial management, for planning and decision making purposes. It explains with the help of the language of financial accounting, how top management conducts systematic analysis, builds innovative plans, understands and manages risk, and creates more profit, cash and value for the organization. Topics included are: Introduction to a modeling approach, financial accounting as the foundation for financial models, cash flow models for planning, the cost of capital, capital budgeting and strategy, and investment decisions and portfolio theory.

Course Contents

1. Dividend Policy and theory

- 1.1. Dividends- classification
- 1.2. Factors influencing dividend payments
- 1.3. Establishing dividend policy
 - 1.3.1. Residual Dividend approach
 - 1.3.2. Dividend stability
 - 1.3.3. A Compromise

2. Principles of Working capital management

- 2.1. The concept of working capital
- 2.2. Operating and cash conversion cycle
- 2.3. Permanent and Variable Working Capital
- 2.4. Determinants of working capital management
- 2.5. Financing Current Assets

3. Cash and Liquidity Management

- 3.1. Reasons for Holding Cash
- 3.2. Understanding Float
- 3.3. Cash Collection and Concentration
- 3.4. Managing Cash Disbursement
- 3.5. Investing Ideal Cash
- 3.6. Determining the target cash balance

4. Receivable Management

- 4.1. Credit and receivables
- 4.2. Terms of sale
- 4.3. Analyzing credit policy
- 4.4. Credit Analysis
- 4.5. Collection policy

5. Inventory Management

- 5.1. Introduction
- 5.2. Meaning & Nature of inventory

- 5.3. Benefits & costs of Holding Inventory
- 5.4. Inventory management techniques

Text Book:

- Ross, Westerfield&Jordan. Fundamentals of corporate finance. 9th.

Reference Books

- Brigham Ehrhardt. Financial management theory and practice. 13th Ed
- Khanna & Jain. Financial management.
- Financial management. Pandey