

# FINANCIAL MANAGEMENT



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# **FINANCIAL MANAGEMENT**

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## **PREFACE**

Financial management is an important part of both economic and non-economic activities because it determines the efficient procurement and use of finance in a profitable manner. In the past, the subject of Financial Management was a component of accounting using traditional methods. With the effect of industrialization, it has now been enlarged with innovative and multi-dimensional functions in the field of business. Financial Management has become a vital part of the business concern, and they are concentrating more in the field of Financial Management. Corporate finance, business finance, financial economics, financial mathematics, and financial engineering are other terms for financial management. Understanding the fundamental concepts of financial management has become critical for students of economics, commerce, and management. This ensures that Financial Management will be the most accessible text for students of business and finance.

This book aims to teach students and others how to successfully manage the finances of small to medium-sized businesses. The book's underlying assumption is that successful financial managers must be able to construct and analyse financial statements and present value models. The focus of this book, which is divided into SIX parts, is learning how to construct and analyse financial statements and present value models.

UNIT 1: BACKGROUND

UNIT 2: LONG-TERM INVESTMENT DECISIONS: CAPITAL BUDGETING

UNIT 3: FINANCING DECISION

UNIT 4: DIVIDEND DECISION

UNIT 5: MANAGEMENT OF CURRENT ASSETS

UNIT 6: VALUATION

## **Abbreviations**

Benefit-Cost Ratio (BCR)  
Capital Asset Pricing Model (CAPM)  
Capital Assets Pricing Model (CAPM)  
Certificates of Deposit (CDs)  
Degree of Operating Leverage (DOL)  
Earnings Before Interest and Tax (EBIT)  
Earnings Per Share (EPS)  
Earnings Per Share Maximization (EPS)  
Economic Order Quantity (EOQ)  
Financial Leverage (FL)  
First In First Out Method (FIFO)  
Highest In First Out Method (HIFO)  
Just in Time (JIT)  
Last in First Out Method (LIFO)  
Nearest in First Out Method (NIFO)  
Net Income (NI)  
Net Operating Income (NOI)  
Net Present Value (NPV)  
Operating leverage (OL)  
Option Pricing Theory (OPT)  
Profit after Tax (PAT)  
Return on Equity (ROE)  
Shareholders Wealth Maximization (SWM)  
Valuation of Deep Discount Bonds (DDB's)  
Yield-To-Maturity (YTM)

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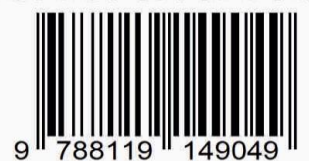
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