



## **[Glossary]**

### **Financial Management Introduction Part: 1**

**Subject:** Business Economics

**Course:** B.A., 3rd Semester,  
Undergraduate

**Paper No. & Title:** Paper – 303  
Business Finance

**Unit No. & Title:** Unit – 1  
Financial  
Management  
Introduction

**Lecture No. & Title:** Lecture – 1  
Financial  
Management  
Introduction  
Part: 1

## **Glossary**

### **Current assets**

Current assets are those assets that are required to support the functioning of fixed assets and which can be converted into cash within a short duration of time that is one year or less than one year without much diminution in value.

Dividend decision: The proportion of earnings per share declared as dividends is the major issue dealt in dividend decisions.

### **Financial Management**

Financial management is concerned with the acquisition, financing and management of assets to achieve organizational goals.

Financing decisions: The decision of determining the proportion of debt and equity in the capital structure is known as financing decision.

### **Fixed assets**

Fixed assets are those assets which have the capacity to generate income and yields return over a long period of time and involve huge investment.

### **Investment decisions**

Decisions which are related to the determining of asset mix are known as investment decisions.

### **Leverage**

The ability of the company to use debt in the capital structure to magnify the benefits to equity shareholders.

### **Modern view**

Modern approach is concerned with procurement as well as utilization of funds.

### **Optimum capital structure**

The level of debt and equity proportion by which the market value of share is maximized and cost of capital is minimized.

### **Traditional view**

According to Traditional view the financial management is concerned with the raising of funds. Funds are raised at special occasions like at the time of mergers, reorganization, restructuring, liquidation and so on

### **Wealth Maximization**

Maximizing the Net present value of an alternative to shareholders.