

Course Code: BMGT E3065

Title: Business Finance

Aim: To provide the knowledge on fundamental concepts of Financial Management which are essential in making investment and financing decisions of organizations.

Learning Outcomes: On completion of this course unit, students should be able to;

- Identify and describe the concepts of financial management
- Analyze financial performance and financial position of organizations
- Use financial information in making managerial decisions.

Content:

Introduction to financial management; finance functions, goals of financial management, agency relationships.

Time value of money; present value and future value of cash flows. Sources of finance; different sources of financing. Financial statement analysis; ratio analysis, trend analysis, inter-firm analysis. Cost of capital; cost of equity, preferred stock and debt capital, Weighted Average Cost of Capital (WACC). Capital budgeting; nature of investment decisions, different investment appraisal techniques. Risk and return; investment returns, risk in a portfolio context. Budgeting; approaches to budgeting, preparing the cash budget. Valuation; bond valuation, stock valuation. Capital structure and leverage; capital structure theories, business and financial risk. Dividend policy; objectives of dividend policy, forms of dividends, dividend theories. Working capital management; concepts of working capital, operating and

cash conversion cycle, managing current assets and current liabilities.

Method of Teaching and Learning:

Lectures, Seminars

Scheme of Evaluation:

Examination, Assignments

Recommended reading:

Brigham, E.F., and Ehrhardt, M.C., (2011). *Financial Management: Theory and Practice* (13th Edition), Mason: Cengage Learning.

Panday, I.M., (2004). *Financial Management*, (9th Edition), New Delhi: Vikas Publication Home Pvt. Ltd.

Van Horne, J. C. and Wachowicz, J.M., (2008). *Fundamentals of Financial Management*, (13th Edition), Prentice Hall, Edinburgh Gate, Harlow