**BCOM 230: BUSINESS FINANCE**

**COURSE OBJECTIVES**

**At the end of the course, the student should be able to:**

1. **Define Finance and expound on its scope.**
2. **Apply the time value of money to financial decision making**
3. **Identify the various sources of business finance.**
4. **Draw a budget, and project cash flows.**
5. **Compute the risk and return of a project.**
6. **Evaluate a business using financial ratios.**

**COURSE CONTENTS**

* Definition and The scope of finance.
* Financial mathematics.
  + Time value of money;
    - Compound value of lump sum and annuity.
    - Present value of a lump sum and annuity.
    - Use of financial tables.
* Sources of business finance;
  + Short term and long term sources of funds.
* Financial planning and cash flow projectors.
* Concepts of risk and return.
* Asset valuation models.
* Cost of capital.
* Financial ratio analysis.
* Business performance in Kenya and the region.

**REFERENCES**

* Reilly - Brown, *Investment Analysis and Portfolio Management, 7th edition*, Addison Wesley, 2000.
* Mishkin, Frederic S.The *economics of money, banking, and financial markets* / Frederic S. Mishkin.—7th ed. p. cm. — (The Addison-Wesley series in economics)
* Bodie−Kane−Marcus: *Investments, Fifth Edition*, The McGraw−Hill Companies, 2001
* Brealey−Meyers: *Principles of Corporate Finance, Seventh Edition*, The McGraw−Hill Companies, 2003.
* Fabozzi- Peterson, *Financial management and analysis, 2nd edition*, John Wiley & Sons, Inc., Hoboken, New Jersey (2003).
* Mishkin, Frederic and Stanley G. Eakins, *Financial Markets & Institutions, 4th edition*, Addison Wesley, 2003.
* Other texts in Financial Economics, Investment management, corporate finance and financial management.

**CAT 1** will cover topic 1 through 4. This will be after the first FOUR topics are covered.

**CAT 2** will cover the remainder of the course outline. The date will be agreed upon in class.

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