**BCOM 335: FINANCIAL MANAGEMENT** *(Facilitator: John K. Karuitha, MBA, B.ED, CPA (K), CISA®.*

**Course Description**

Financial Management studies corporate finance and capital markets, emphasizing the financial aspects of managerial decisions. It touches on all areas of finance, including the valuation of real and financial assets, risk management and financial derivatives, the trade-off between risk and expected return, corporate financing and dividend policy. The course draws heavily on empirical research to help guide managerial decisions.

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| **Part 1 - Introduction** | | |
| 1 | 1 | Introduction to Financial management. |  |
|  | 2 | Principles of Valuation: Time value of money (Discounting/ Compounding), annuities and perpetuities. |  |
| **Part 2 – Valuation of Assets and Investments** | | |
| 2 | 3 | Concept of Value, Valuation of ordinary and preference shares, and bonds. |  |
|  | 4 | Firm Valuation. |  |
| 1. **Part 3 - Applications of risk and return concepts in capital assets.** | | |
| 3 | 5 | Introduction to Risk and Return. |  |
|  | 6 | CAPM and The arbitrage pricing model. |  |
| **Part 4 - Financing Policy** | | |
| 4 | 7 | Capital Budgeting: Overview, capital budgeting under conditions of risk. |  |
|  | 8 | Cost of Capital: Breaks in the MCC curve. |  |
|  | 9 | 1. Financial and operating leverage. |  |
|  | 10 | 1. Financial planning and control. |  |
| **Part 5- Derivative securities** | | |  |
|  | 9 | Derivative securities: Derivatives, Option pricing models. |  |

Reference books

1. Myers, S. Finance Theory and Finance Practice. *Interfaces* 14, 1984.
2. Graham, J. and C. Harvey. The Theory and Practice of Corporate Finance: Evidence from the Field. Durham, NC: Duke University Working Paper, 2000
3. Any other text on corporate finance/ financial management, and internet resources.