**FINANCIAL MANAGEMENT** *(Facilitator: John K. Karuitha)*

**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 |  |
|  | 2 | Principles of Valuation |  |
| **Part 2 - Project and Firm Valuation** | | |
| 2 | 3 | Evaluating Projects |  |
|  | 4 | Firm Valuation |  |
| **Part 3 - Risk and Return** | | |
| 3 | 5 | Introduction to Risk and Return |  |
|  | 6 | Portfolio Theory (The Markowitz portfolio theory) |  |
|  | 7 | CAPM and The arbitrage pricing model |  |
| **Part 4 - Financing Policy** | | |
| 4 | 8 | Cost of capital |  |
|  | 9 | Capital Structure |  |
|  | 10 | Market Efficiency |  |
|  | 11 | Derivative securities |  |

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.