



Victoria University
of Bangladesh

FALL SEMESTER-2016

COURSE PROFILE

(FIN 329) FINANCIAL MANAGEMENT

Course Objectives:

Financial management provides a foundation of the main topics in financial economics covering selected topics in corporate finance and asset pricing. In corporate finance we will be discussing capital budgeting, valuation, capital structure, and payout policy. In asset pricing we will be studying the risk and return tradeoff, the Capital Asset Pricing Model, market efficiency, and derivative securities.

The course's objective is to provide a theoretical framework for considering corporate finance problems and issues and to apply these concepts in practice.

I have a few primary goals for the course: (1) to give everybody a base level of finance knowledge and (2) to give everybody the ability and confidence to tackle common financial problems in practice.

In this course, the students will enhance their knowledge and understanding of financial management. Through class, discussion, informal study groups, and formal group projects you will enhance your communication and collaboration skills. They will learn how managers should organize their financial transactions effectively and with integrity.

Course Assessment:

Item/Activity	Marks
Work Sheet (Including Class Attendance &4 Class Test)	25%
Assignment and Presentation(2)	10%
Mid-term test	25%
Final examination	40%
Total	100%

Grading and Point System:

Marks obtained (out of 100)	Letter Grade		Grade Point (4 point scale)
80% and above	A+	(A plus)	4.0
75% to less than 80%	A	(A regular)	3.75
70% to less than 75%	A-	(A minus)	3.50
65% to less than 70%	B+	(B plus)	3.25
60% to less than 65%	B	(B regular)	3.0
55% to less than 60%	B-	(B minus)	2.75
50% to less than 55%	C+	(C plus)	2.50
45% to less than 50%	C	(C regular)	2.25
40% to less than 45%	D	(D regular)	2.0
less than 40%	F	(Fail)	0.0

Note: I (Incomplete) may also be used under the provision of VUB regulations.

DETAILED CONTENTS:

Lecture no.1,2	Introduction to Financial Management, Goals and functions of Financial Management , Modern approach to Financial Management, Objectives of a firm. Work sheet no.1	Assignment no.1
Lecture no.3	Financial analysis and forecasting, Financial statement analysis: Introduction, objectives, Different types of financial statements, Formats of financial statements- Income statement, Balance sheet, Statement of Retained Earnings, Comparative Financial statement, Common size statements	
Lecture no.4	Financial Markets: Introduction, Types ,Financial market instruments, Right issues.	Assignment

	Work sheet no.2	no.2
Lecture no.5,6	Time value of money: Introduction, Simple Interest, Compound Interest, Present value, Annuity, Amortization, Sinking fund, Interest rates. Work sheet no.3	Submission of assignment no.1
Lecture no.7	Sources of financing and Financing Decision.	
Lecture no.8	Functions of financial controller. Work sheet no.4	
Lecture no.9	Ratio analysis: Introduction, Liquidity ratio, Leverage Ratio, Asset Management Ratio, Profitability Ratio, Operating Ratio, Market based Ratio, Importance of Ratio Analysis, Factors affecting the efficiency of Ratios	Submission of assignment no.2
Lecture no.10-12	Cost of capital: Introduction, Cost of Equity-Dividend yield Method, Dividend growth Method, Price Earnings method, Cost of Retained Earnings-Opportunity cost approach ,Rights offer approach, Cost of Preferred capital-Cost of Redeemable and irredeemable preference shares , Cost of Debt- Cost of Perpetual Debt, Cost of Redeemable debt, Cost of Floating debt, WACC, Opportunity cost of Capital. Work sheet no.5	Assignment no.3
	MID TERM EXAMINATION	
Lecture no.13,14	Capital structure and leverage: Meaning, Activity leverage-(Operating, Financial, combined) leverages, Trading on equity, EPS. Work sheet no.6	
Lecture no.15-17	Capital Budgeting process and decision making: Introduction, Objectives, Significance, Methods of Capital Budgeting	Submission of assignment no.3
Lecture no.18	CAPM: Introduction, Classification of risks, Assumptions of CAPM, Alpha coefficient, Beta	Assignment

	Coefficient Work sheet no.7	no.4
Lecture no.19,20	THE CONCEPT OF WORKING CAPITAL,NECESSITY,IMPORTANCE,FOCUSING ON MANAGEMENT OF CURRENT ASSETS AND LIQUIDITY MANAGEMENT,SHORT TERM AND LONG RUN VIEW OF WORKING CAPITAL,KINDS OF WORKING CAPITAL,RELATIONSHIP BETWEEN CURRENT ASSETS AND CURRENT LIABILITIES. OPERATING AND CASH CONVERSION CYCLE:ACQUISITION OF RESOURCES,MANUFACTURE OF THE PRODUCT,SALE OF THE PRODUCT,ICP,DCP,CDP,CCC. . Work sheet no.8	
Lecture no.21	Inventory management: Introduction, Requirements of Stock Control, Input-Output Ratio, Stock Turnover Ratio, ABC analysis	
Lecture no.22	Dividend decisions and retained earnings: Introduction, Determinants of Dividend policy, Dividend policies, Optimum dividend policies. Work sheet no.9	
Lecture no.23	Break Even Analysis: profit volume ratio, Margin of Safety, Angle of Incidence, Cost volume profit analysis: Profit volume chart	
Lecture no.24	Lecture review	Submission of assignment no.4
	SEMESTER FINAL EXAMINATION	

Reference:

- 1) **Financial Management-I.M Pandy**
- 2) **Financial Management-Ravi M.kishore**
- 3) **Financial Management-Brighm & Houston**

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