

Title: Introduction to Finance-I	Code: MGMT 323	
Credit Hours: 3	Year /Semester: I/II	48 Hours

Course Objectives:

This course aims to provide the students with basic understandings financial management. This course familiarize the students for financial analysis, to understand the concept of time value of money, to determine the cost of capital, to evaluate the investment projects and select the appropriate project using the techniques of capital budgeting and to understand the concept of working capital and use different techniques for current assets management.

Unit 1 Introduction **3 Hours**

Meaning of Finance, Nature and function of Financial Management, Goals of Financial Management, Agency Relationship

Unit 2 Cash Flow & Financial Analysis **12 Hours**

Basic Concept of Cash Flow, Preparation of Cash Flow Statement, Financial Ratio Analysis, Uses of Financial Ratios, Limitations of Financial Ratios, Du-Pont Analysis, Liquidity Ratios, Profitability Ratio, Performance Ratios, Capital Structure Ratios, and Coverage Ratios

Unit 3 Time Value of Money **4 Hours**

Concept of Time Value of Money, Future Value, Present Value, Solving for time and interest rates, Future Value of an Annuity, Present Value of an Annuity, Solving for interest rates with Annuities, Perpetuities, Uneven cash flows streams, Semiannual and other compounding periods

Unit 4 Cost of Capital **5 Hours**

Meaning and Component of Cost of Capital, Cost of Debt, Cost of Preferred Stock, Cost of Equity, Capital Asset Pricing Model, Dividend Growth Model, Weighted Average Cost of Capital

Unit 5 Capital Budgeting **12 Hours**

Concept of Capital Budgeting, Classification of Capital Projects, Estimation of Cash Flows, Incremental Cash Flows, Capital Budgeting Techniques: Payback Period, Accounting Rate of Return, Net Present Value, Internal Rate of Return, NPV vs IRR, Modified Internal Rate of Return, Profitability Index

Unit 6 Working Capital Management **12 Hours**

Concept of Working Capital, Factors affecting size of Working Capital, Alternative Working Capital Investment Policy, and Cash Conversion Cycle

Cash Management: Motives for holding Cash, Optimal Cash Size

Receivable Management: Credit Policies and Terms, Monitoring of Receivables

Inventory Management: Economic order quantity, Re-order point and safety stock

Reference Books:

1. Eugene F. Brigham, & Michael C. Ehrhardt, *Financial Management: Theory and Practice*, Thomson Asia, Singapore.
2. James C. Van Horne, *Financial Management and Policy*, Prentice Hall of India, New Delhi.
3. Joshi, K. R., Sharma, D. R., Gupta, M. K., Lamichhane, P., Shrestha, P. M. & Ghimire, T. R. et al. *Fundamentals of Financial Management*, Ayam Publication, Kathmandu, Nepal.