

MID-WESTERN UNIVERSITY, FACULTY OF MANAGEMENT  
BACHELOR IN BUSINESS ADMINISTRATION (BBA), SYLLABUS 2072 (2016)

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<b>Course Title</b>		<b>Financial Management - II</b>
<b>Course Code Number</b>		<b>MGT 335</b>
<b>Year/Semester</b>		<b>II/III</b>
<b>Credit Hours</b>		<b>03</b>
<b>Course Objectives:</b>		
<b>Main Objective</b>		This course is designed to give basic knowledge about risk and return, cost of capital and capital structure so that students will be able to analyze the basic fundamentals things of finance and its effect to any organization. Beside this, it also focuses on Merger and Acquisition and dividend policy.
<b>Enabling Objectives</b>		After the completion of the course the students will be able to: <ul style="list-style-type: none"> <li>• Develop the foundation of analyzing risk and return</li> <li>• Understand the concept of cost of capital</li> <li>• Evaluate the different approaches of capital structure</li> <li>• Analyze the effect of leverage</li> <li>• Use of warrants and convertible</li> <li>• Understand the concept of merger and acquisition</li> <li>• Describe the concept of dividend policy</li> </ul>
<b>Learning Unit (LU)</b>	<b>Learning Hours (LH)</b>	<b>Contents</b>
<b>LU 1</b>	<b>LH 12</b>	<b>Risk Return Theory</b> Risk and Return: Concept and Attitude Toward Risk, Measuring Risk and Return in the context of a Single Asset, Risk and Return in a Portfolio Context, The Portfolio opportunity set and the efficient set, Mean Variance Indifference Curve, The Optimal Choice along the Efficient Set, Capital Asset Pricing Model, Security Market Line and Capital Market Line
<b>LU 2</b>	<b>LH 6</b>	<b>Cost of Capital</b> Cost of Capital: Concept and assumptions, Component cost of Capital and WACC, Marginal Cost of Capital, Factors Affecting Cost of Capital.
<b>LU 3</b>	<b>LH 8</b>	<b>Capital Structure</b> Meaning of Capital Structure, Common assumption of Capital Structure, Approaches to Capital Structure, Modigliani and Millers (MM) Proposition, Static Trade off Theory, Pecking Order Theory.
<b>LU 4</b>	<b>LH 6</b>	<b>Leverage</b> Meaning and Nature of Leverage, Types of Leverage, Financial Leverage with Preferred Stock, EBIT- EPS Analysis
<b>LU 5</b>	<b>LH 10</b>	<b>Warrants and Convertibles</b> Characteristics of Warrants and Valuation of Warrants, Use of

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		Warrants in Financing, Convertibles Features and the Rationale for the Convertibles, Valuing Callable and Convertible Debt
<b>LU 6</b>	<b>LH 6</b>	<b>Mergers and Acquisitions</b> Concept of Mergers and Acquisitions, Economic Rationales for Merger, Types of Mergers, Problem of Mergers and Acquisitions, Present Scenario and Issues Concerning Mergers and Acquisitions in Nepal
<b>References</b>		<ol style="list-style-type: none"><li>1. Brigham Eugene F. and Joel F. Houston, (2009), <i>Fundamental of Financial Management</i>: India: South Western Publication.</li><li>2. James C. Van Horne (2002), <i>Financial Management and Policy</i>, Pearson Education.</li><li>3. Pandey, I. M. (2009). <i>Financial Management</i>, New Delhi: VikashPublising House Pvt. Ltd</li><li>4. Joshi, K. R., Sharma, D. R., Gupta, M. K., Lamichhane, P., Shrestha, P. M. &amp; Ghimire, T. R. et al. <i>Fundamentals of Financial Management</i>, Ayam Publication, Kathmandu, Nepal.</li></ol>

Net Contact Hour is 48 excluding the exams and tests.

Evaluation Module: 50 percent will be assessed through the internal evaluation and 50 percent will be assessed through end semester examination