



Daffodil Institute of IT
Course Title: Principles of Finance
Course Code: 510139
BBA 3rd Year, 5th Semester
Course Teacher – Aminul Haque Russel

Objectives:

This course introduces some basic concepts in fundamental finance, world of modern finance, especially to the financial operations of a business. It covers the concepts of time value of money, basic asset valuation, risk and returns model, capital budgeting and financing decisions. After completion of the course, students will be able to determine the value of bonds and stocks, estimate asset returns according to their risk characteristics and identify capital projects that maximize shareholder's wealth using a wide range of analytical tools. They will also develop a good understanding on how firms finance their capital expenditure and the levels of dividends and other payouts for their shareholders.

Class Schedule

Chapter One : Introduction

- Lecture: 01 Definition of Finance and Business Finance, Scope and Functions of Business Finance, Principles of Finance
- Lecture: 02 Profit maximization Vs. wealth maximization of the firm, Rationale behind wealth maximization as the goal of a firm.
- Lecture: 03 Management vs. Shareholders i.e. agency problem
- Lecture: 04 Purpose of financial market- Money and capital market- Primary and Secondary market- Financial intermediaries and brokers.

Chapter Two : Time value of Money

- Lecture: 05 Concept of Time Value of Money, Simple and compound interest- Future value (FV_n) and Present value (PV₀) – Discount rate
- Lecture: 06 Annuities, Ordinary Annuity and Annuity Due, Compounding more than once a year, Effective Interest Rate.
- Lecture: 07 Math practices
- Lecture: 08 Math practices

Chapter Three Risk and Return

- Lecture:09 Defining risk and return, Difference between risk and uncertainty, Relation between Risk and Return. Probability distribution to measure risk
- Lecture:10 Measurement of Risk, Total risk. Attributes towards risk
- Lecture:11 Diversification- Capital – Asset Pricing Model (CAPM) – Efficient financial market.
- Lecture:12 Math practices

Chapter Four	: Capital Budgeting
Lecture: 13	Capital budgeting and its process- Generating investment- Project Proposals Estimating project after tax incremental operating cash flow- Sunk cost and opportunity cost.
Lecture: 14	Alternative methods for evaluation and selection of project- Payback period (PBP)- Internal Rate of Return (IRR) under interpolation- Net Present value (NPV) – Profitability Index (PI).
Lecture: 15	Math Practices
Lecture: 16	Math Practices
Chapter Five	: Cost of Capital
Lecture: 17	Value creation- Cost of debt- Preferred stock and equity – CAPM approach, Beta- Risk free rate & Market Return.
Lecture: 18	Math Practices
Lecture: 19	Conceptual Questions Solve
Chapter Six	: Short Term Financing
Lecture: 20	COD-CBD- Credit with or without Discount- Seasonal dating
Lecture: 21	Under spontaneous source- Trade acceptance – Commercial paper- Factoring – Bank loan under negotiated source.
Lecture: 22	Math practices
Lecture: 23	Math practices
Chapter Seven	: Mid Term Financing
Lecture: 24	Term loan and its major sources- Chattel mortgage, conditional sale Lease and its different ways of classifications. Traditional lease- Sale and lease back system Leveraged lease.
Lecture: 25	Math practices
Lecture: 26	Math practices
Chapter Eight	: Valuation of Long Term Securities
Lecture: 27	Book Value vs. Market Value - Bond, Face value and Different related concept.
Lecture: 28	Coupon rate, bond with finite maturity- Semi-annual compounding of interest, yield to maturity (YTM) on bonds.
Lecture: 29	Preferred stock and Common stock valuation- Constant growth.
Chapter Nine	: Capital Structure and Theories
Lecture: 30	Capital Structure, Optimum Capital Structure, influencing factors of capital structure and capital structure vs. financial structure.
Lecture: 31	Theories of capital structure - NI Approach, NY Approach, MM Approach.
Lecture: 32	EPS Calculation and Indifference Point

Recommended Book:

1. Horne, James C. Van & Wachowicz, (2008). Fundamentals of Financial Management, 13th Edition, Printic Hall
2. Gitman, J. Lawrence, (2011).Principles of Managerial Finance, 13th Edition, Prentice Hall.

Reference Books:

1. Fundamentals of Finance ----- Md. Haruner Rashid
2. Fundamental of Finance ----- Professor M Shajahan Mina.

Instructions:

- In every class, first 10 minutes will be discussed on previous lecture.
- Class will be conducted through Google Meet
- All class lecturer upload in my academic site and google class room
- In every class a review Quiz will be taken [MCQ format]
- **Review Class Quiz** will be held after **Completion each Chapter.**
- You will have to submit assignment on selected topic.
- Participation in the class presentation is must.
- One mid-terms and Internal final exam will be held [it may take through online and offline]
- Marks distribution will be made according to Organization's Direction.