



# **B.E. International Program**

## Faculty of Economics, Thammasat University



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### Course Outline

#### **FN201 Business Finance**

Semester 1/2014

|                           |                                                  |
|---------------------------|--------------------------------------------------|
| <b>Number of credits:</b> | <b>3 credits (3-0-6)</b>                         |
| <b>Lecture Time:</b>      | Saturday, 09.00 AM – noon                        |
| <b>Lecture Venue:</b>     | Room 303, 3rd floor, Faculty of Economics        |
| <b>Instructor:</b>        | Dr. Winai Homsombat                              |
| Email:                    | winai.hom@kmutt.ac.th or win.homsombat@gmail.com |
| Office hours:             | By appointment                                   |

### **Course Description**

This course studies the basic principles of financial management for business as well as the responsibilities of financial managers in order that they can perform their best to maximize the enterprise value. Discussions will cover financial analysis, cash flow analysis, financial planning and control, fundamental analysis on risk and return, time value of money, current asset management, fixed assets investments, allocation and acquisition of funds, short-term and long-term financing, and costs of financing.

**Prerequisites:** AC201 Fundamental Accounting

### **Course Objectives**

This course aims at developing students to have financial knowledge to deal with many issues in business finance. It will also form a foundation for further finance courses. Key objectives of this subject include:

1. to study the basic principles of financial management for business;
2. to provide an introduction to the theories of finance and decision tools for financial managers;
3. to discuss the fundamental of financial planning and control, investment, and capital financing.

## Main Text:

- **BE:** Brigham, E.F., Ehrhardt, M.C., (2011). Financial Management: Theory and Practice. 13<sup>th</sup> Edition. OH: South-Western.

## Other Recommended Book:

- **BMA:** Brealey, R.A., Myers, S.C., Allen, F., (2010). Principles of Corporate Finance. 10<sup>th</sup> Edition. New York: McGraw-Hill/Irwin.
- Ross, S.A., Westerfield, R.W., Jordan, B.D., (2012). Fundamentals of Corporate Finance. 10<sup>th</sup> Edition. New York: McGraw-Hill/Irwin.

## Teaching Plan:

| Class | Date (2014)                                                              | Topics                                                                                                                           |
|-------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| 1     | AUG 23                                                                   | <b>Lecture 1:</b> Introduction to business finance and financial statements<br><i>Reading: BE Chapter 1 and 2: BMA Chapter 1</i> |
| 2     | AUG 30                                                                   | <b>Lecture 2:</b> Financial analysis and planning<br><i>Reading: BE Chapter 3: BMA Chapter 28 and 29</i>                         |
| 3     | SEP 6                                                                    | <b>Lecture 3:</b> Working capital management<br><i>Reading: BE Chapter 16: BMA Chapter 30</i>                                    |
| 4     | SEP 13                                                                   | <b>Lecture 3:</b> Working capital management<br>(Continued)                                                                      |
| 5     | SEP 20                                                                   | <b>Lecture 4:</b> Time value of money<br><i>Reading: BE Chapter 4: BMA Chapter 2</i>                                             |
| 6     | SEP 27                                                                   | <b>Lecture 5:</b> Investment criteria and decision<br><i>Reading: BE Chapter 10: BMA Chapter 5 and 6</i>                         |
| 7     | OCT 4                                                                    | <b>Lecture 5:</b> Investment criteria and decision<br>(Continued)                                                                |
| 8     | <b>OCTOBER 11, 2014</b><br><b>MIDTERM EXAMINATION (09.30 – 11.00 AM)</b> |                                                                                                                                  |
| 9     | OCT 18                                                                   | <b>Lecture 6:</b> Valuing bonds and common stocks<br><i>Reading: BE Chapter 5 and 7: BMA Chapter 3 and 4</i>                     |
| 10    | OCT 25                                                                   | <b>Lecture 6:</b> Valuing bonds and common stocks<br>(Continued)                                                                 |
| 11    | NOV 1                                                                    | <b>Lecture 7:</b> Introduction to risk and return and portfolio theory<br><i>Reading: BE Chapter 6: BMA Chapter 7 and 8</i>      |
| 12    | NOV 8                                                                    | <b>Lecture 8:</b> Cost of Capital<br><i>Reading: BE Chapter 9: BMA Chapter 9</i>                                                 |
| 13    | NOV 15                                                                   | <b>Lecture 8:</b> Cost of Capital<br>(Continued)                                                                                 |
| 14    | NOV 22                                                                   | <b>Lecture 9:</b> Capital Structure Decision<br><i>Reading: BE Chapter 15: BMA Chapter 18</i>                                    |
| 15    | NOV 29                                                                   | <b>Lecture 9:</b> Capital Structure Decision<br>(Continued)                                                                      |
| 16    | DEC 6                                                                    | <b>Lecture 10:</b> Hybrids, derivatives, and risk management<br><i>Reading: BE Chapter 23 and class handout</i>                  |
| 17    | <b>DECEMBER 13, 2014</b><br><b>FINAL EXAMINATION (09.00 – NOON)</b>      |                                                                                                                                  |

## Course Evaluation

| Type of evaluation | Evaluation Method       | Evaluation date                     |
|--------------------|-------------------------|-------------------------------------|
| Midterm            | Closed-book Examination | October 11, 2014 (09.30 – 11.00 AM) |
| Final              | Closed-book Examination | December 13, 2014 (09.00 - noon)    |

|                        |     |
|------------------------|-----|
| Class participation    | 10% |
| Assignment and/or quiz | 20% |
| Midterm exam           | 30% |
| Final exam             | 40% |

## Important Dates

|                             |                                            |
|-----------------------------|--------------------------------------------|
| Classes Begin               | August 18                                  |
| Adding and Dropping Courses | August 18 – September 1                    |
| Mid-term Examination Period | October 6 -11                              |
| <b>Mid-term Examination</b> | <b>October 11, 2014 (09.30 – 11.00 AM)</b> |
| Course Withdrawal With "W"  | October 22 - 27                            |
| Last Day of Classes         | December 6                                 |
| <b>Final Examination</b>    | <b>December 13, 2014 (09.00 - noon)</b>    |