

Course Outline
FN201: Business Finance
Semester 1/2024 (August 13 - December 2, 2024)

Prerequisite: AC201 Financial Accounting

Course Description:

The basic principles of financial management for business, the responsibilities of financial managers, maximization of enterprise value, axioms of finance, analysis of financial reports, cash flows, fundamental analysis on risk and rates of returns, the time value of money, working capital policies, capital budgeting techniques, financing mix, short-term and long-term sources of funds, distributions to shareholders, the costs of capital, and an introduction to developments in the financial industry, such as sustainable finance, digital assets

Instructor:

Name: Obrom Chaowalerd (อบรม ชาวน์เลิศ)
Office: BA 552, 5th Floor, East wing, Thammasat Business School
Office hours: Tuesday (Room #203) and Thursday (Room #202), 12:30 – 01:00 p.m. by appointment only
Phone: (083) 840-0060 (dawn to dusk on weekdays)
MS Teams: MS teams call and chat

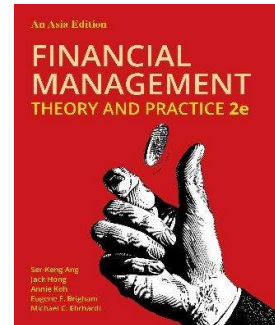
Course Coordinator: Obrom Chaowalerd

Class Time, venue, and platforms:

Section: 046401
Day: Thursday
Time: 01:00 – 04:00 p.m.
Venue: Room #202, Economics Building
Class platforms: (1) MS Teams: **FN201-24F-BE** (communication and class materials)
(2) Zoom (live lectures concurrently with the on-site ones)
(3) YouTube (recorded lectures for self-review)

Main Text:

Ser-Keng Ang, Jack Hong, Annie Koh, Eugene F. Brigham and Michael Ehrhardt, **Financial Management: Theory and Practice**. (An Asia Edition), 2nd Edition, (Cengage Learning, Singapore: 2021). = **FM** (we = **FM**'s Web Extension; wc = **FM**'s Web Chapter)

**Recommended Texts & Materials:**

Please visit <http://www.cengageasia.com> for supplementary materials.

Suggested Readings:

- Other corporate finance, financial management, business finance textbooks
- Local business newspapers, *The Asian Wall Street Journal*, *BusinessWeek*, *The Economist*, *Forbes*, *Fortune*, other financial and economic Websites
- Useful local Websites
 - <http://www.set.or.th>
 - <http://www.sec.or.th>
 - <http://www.tsi-thailand.org>
 - <http://www.bot.or.th>
 - <http://www.thaibma.or.th>
 - <http://www.settrade.com>
 - <http://www.tfex.co.th>
 - Companies' websites

Grading Criteria:

Activity #	Assessment methods	Assessment session(s)	Proportion of assessment score
1	An individual assignment on emerging trends on finance and business Due date: Thursday, September 5, 2024, by 11:59 p.m., via MS Forms	4	1
2	A group project on the analysis of financial reports (a group of 4 – 5 members) Due date: Thursday, November 22, 2024, by 11:59 p.m., via MS Forms	14	14
3	Proctored mid-term examination (Closed-book, with 2 pages on 1 piece of A4 cheat sheet allowed) Topics covered: 1 – 5 Date: Thursday, October 3, 2024; Time: 03:00 – 05:30 p.m.	After 7	40
4	Proctored final examination (Closed-book, with 2 pages on 1 piece of A4 cheat sheet allowed) Topics covered: 6 – 10 mainly Date: Tuesday, December 17, 2024; Time: 09:00 a.m. – 12:00 noon	After 15	45
		Total	100

A remark on grading: Total points are rounded down. A final grade is determined according to the following criterion.

<u>Total Points</u>	<u>0-39</u>	<u>40-44</u>	<u>45-49</u>	<u>50-59</u>	<u>60-69</u>	<u>70-79</u>	<u>80-84</u>	<u>90-100</u>
Grade	F	D	D+	C	C+	B	B+	A

Notes:

- (1) Students are encouraged to
 - a. review accounting concepts covered in AC201 Financial Accounting,
 - b. complete required reading assignments before attending the class,
 - c. participate and ask questions in the class,
 - d. review the concepts discussed in the class by doing practice problem sets, and
 - e. reach out to the instructor should help is needed.
- (2) Homework assignments with the solutions are for self-practice. Students are not required to hand them in.
- (3) Form a group of 4 - 5 members to work on the group assignment. If any group ends up with 3 (or fewer) members because of remainders, please notify me for an approval.
- (4) Group assignment scores are based mainly on attempt and completeness. However, final scores could be adjusted by self- and peer evaluation.
- (5) Further detailed information about the examinations will be notified. Moreover, should remote examinations be required, additional instructions about them will be provided.

Tentative class schedule

Session; Date & Time (2024)	Topics	Activities/ Text & Materials/ Media
#1: August 15	(1) <u>An Overview of Business Finance</u> Course overview; finance; business finance; corporate life cycle; financial managers' responsibilities: working capital management, capital budgeting analysis, capital structure decisions; objectives of business enterprises: value maximization; firm's value model	- A lecture, a discussion, a video clip, an assignment, and a self-test question (STQ) set Required reading FM 1; LN #1
#2: August 22	(2) <u>The Axioms of Business Finance</u> Ten axioms of financial management: the risk-return trade-off*; different types of risk*; the time value of money; cash flows**; incremental cash flows**; taxes; the curse of competitive markets; efficient financial markets*; the agency problems; business ethics	- A lecture, a discussion, a video clip, and an STQ set Required reading FM 1, 2, 4, 6, 11, 13; LN #2 * In-depth analysis, including the CAPM, is discussed fully in FN312 Investments. ** In-depth analysis is discussed fully in FN311 Financial Management.
#3: August 29	(3) <u>Analysis of Financial Reports*</u> Financial statements and reports*: the statement of financial position, the income statement, the statement of changes in stockholders' equity, statement of cash flows; MVA® and EVA®; financial analysis: liquidity ratios, asset management ratios, debt management ratios, profitability ratios, market value and other ratios; trend analysis, common-size analysis, and percentage-change analysis; tying ratios together: The Du Pont Equation; operating cycle and cash cycle: concepts and applications; comparative ratios and benchmarking; uses and limitations of ratio analysis; looking beyond the numbers; an operating cycle, a cash cycle	- A lecture, a video clip, a discussion, an STQ set, and Excel Required reading FM 2, 3; LN #3 * This is mainly a self-study. ** Please review AC201 Financial Accounting.
#4: September 5	(4) <u>The Time Value of Money</u> The time value of money; time lines; various types of cash flows; future values and present values of single sums, annuities (regular, delayed, and due), and irregular cash flows; present values of perpetuities and growing perpetuities (regular, delayed, and due); finding the interest rate and the number of years; the rule of 72; finding annuity and perpetuity payments; fractional time periods;	- A lecture, a discussion, video clips, an STQ set, and Excel Required reading FM 4, 5, 7, 20; LN #4
#5: September 12	asynchronous frequencies of cash flows and compounding;	* Valuing bonds and stocks is discussed fully in FN312.
#6: September 19	amortized loans; flat-rate or add-on-interest loans; introductory bond and stock valuation*; basic financial planning	
#6: September 26	(5) <u>Financial Environments and Markets</u> Cash flows between firms and financial markets; capital formation process; financial markets and institutions; financial securities; the cost of money*; the determinants of market interest rates*	- A lecture, a discussion, a video clip, and an STQ set Required reading FM 1, 5; LN #5 * if time permits only

Session; Date & Time (2024)	Topics	Activities/ Text & Materials/ Media
#8: October 10	<p>(6) Financing Policy Types of assets: working capital versus non-current assets; variable versus permanent assets; operating versus non-operating assets; spontaneous versus non-spontaneous assets; types of funds: short-term versus long-term (or permanent) funds; operating versus non-operating short-term funds; non-interest-bearing versus interest-bearing short-term funds; spontaneous versus non-spontaneous funds; financing policies: maturity matching or hedging or self-liquidating; conservative; aggressive</p>	<p>- A lecture, a discussion, and an STQ set Required reading FM 16, wc27; LN #6</p>
#9: October 17	<p>(7) Sources of Short-Term and Long-Term Funds* Short-term sources of funds: types and pros and cons; accruals and trade credit; types of credit terms; the implicit cost of trade credit; short-term bank loans: types and key characteristics; criteria used when choosing a bank**; commercial papers: types, key characteristics, and pros and cons; use of security (AR and inventory) in short-term financing**: types, key characteristics and pros and cons; major types of long-term funds; long-term loans: key characteristics, types, pros and cons; debentures and bonds: key characteristics, types, pros and cons; lease financing; a conceptual comparison between buying and leasing assets preferred stock: key characteristics, types, and advantages and disadvantages; common stock: key characteristics, types, and pros and cons, pre-emptive rights; warrants: key characteristics and types; retained earnings</p>	<p>- A lecture, a discussion, and an STQ set Required reading FM 5, 7, 18, 20, 16, wc27; LN #7a, LN #7b</p> <p>* Please review topics #5 and #6. ** Optional</p>
#10: October 21	<p>(8) Distributions to Shareholders: Dividends and Repurchases* An overview of cash distributions; procedures for cash distributions; cash distributions and firm value; types of dividend policies: stable, predictable dividends, constant dividend payout ratio; low-regular-plus-extras dividends, residual dividends; setting the target distribution level; distributions through stock repurchases; comparison of dividends and repurchases; other factors influencing distributions; stock splits and stock dividends: mechanisms, motivations, and effects on shareholders' wealth</p>	<p>- A lecture, a discussion, a video clip, and an STQ set Required reading FM 14; LN #8</p> <p>* Theories on cash distributions are covered in FN311.</p>
#11: October 28 #12: November 7 #13: November 14 (first half)	<p>(9) Capital Structure and the Cost of Capital* A preview of capital structure** issues; the concepts of the cost of capital; costs of debt, preferred stock, common equity***: the discounted cash flow (DCF) approach, judgmental-risk-premium approach; weighted average cost of capital (WACC); the marginal cost of capital (MCC); the MCC schedule; break points; adjusting the cost of capital for risk; flotation costs; some problem areas in the cost of capital; effects of debt financing on the WACC and firm's value (the Trade-Off Model only)</p>	<p>- A lecture, a discussion, a video clip, and an STQ set Required reading FM 9, 15; LN #9</p> <p>* Please review topics #4, #6, #7, and #8. ** Theories on capital structure are covered in FN311. *** The CAPM approach is covered in FN311.</p>

Session; Date & Time (2024)	Topics	Activities/ Text & Materials/ Media
#13: November 14 (second half) #14: November 21 #15: November 28	(10) The Basics of Capital Budgeting: Evaluating Cash Flows* An overview; good characteristics of investment evaluating criteria; net present value (NPV); internal rate of returns (IRR); modified internal rate of return (MIRR); profitability index (PI); payback period (PBP); discounted payback period (DPP); assumptions of investment evaluating criteria; NPV profiles; advantages and disadvantages of each investment evaluating criterion; comparing projects with unequal scales and lives: a replacement chain and an equivalent annual annuity; optimal capital budget; decisions used in practice	- A lecture, a discussion, an STQ set, and Excel Required reading FM 10; LN #10 * Cash flow estimation and risk analysis are discussed fully in FN311.
Optional topics		
	(11) Cost-Volume-Profit (CVP) and Leverage Analyses* Types of costs and their behaviors; relationships among costs, production units, and profits; operating break-even points (units and baht); financial break-even points (units and baht); total break-even points (units and baht); operating leverage and risk; financial leverage and risk; combined (or total) leverage and risk; risk measurement: degree of operating leverage (DOL), degree of financial leverage (DFL), degree of combined (or total) leverage (DCL or DTL); relationships between break-even points and degrees of leverage; applications of CVP and leverage analyses in profit planning	- A lecture, a discussion, an STQ set, and Excel Required reading FM 15; LN #11 * Optional; Some concepts of leverage are covered in topics #1 and #9.
	(12) Financial Forecasting* Overview of financial planning; sales forecast; additional-funds-needed (AFN) method; forecasted-financial-statements method; an adjustment for financing feedback; forecasting when the ratios change	- A lecture, a discussion, and an STQ set Required reading FM 12; LN #12 * Optional; it is covered fully in FN311. If covered in FN201, please review AC201.
	(13) Supply Chains and Working Capital Management* The cash conversion cycle: an illustration, shortening cash conversion cycle, benefits; alternative net operating working capital policies: relaxed, restricted, moderate; alternative short-term financing policies: maturity-matching approach, aggressive approach, conservative approach	- A lecture, a discussion, an STQ set, and Excel Required reading FM 16; LN #13 * Optional; some parts are covered in topics #1, #3, and #6. In-depth analysis is fully covered in FN311.
	(14) Current Asset Management* Cash; motives for holding cash; cash budget; short-term investments; key characteristics of short-term investments; an overview of receivables and inventory management	- A lecture, a discussion, an STQ set, and Excel Required reading FM 16, wc27, wc28; LN #14 * Optional; ; some parts are covered in topics #1, #3, and #6.

ACADEMIC CALENDAR & HOLIDAY SEMESTER 1/2024

Semester 1/2024 (August 13 – December 2, 2024)	
Create Plan from Quota via TU Greats App (*ID.64 – 66)	July 9 – 11, 2024
Registration via TU Greats App (*ID.64 – 66)	July 9 – 11, 2024
Tuition Fee Payment Period (Via TU Greats App) (*ID.64 – 66)	July 9 – August 9, 2024
Classes Begin	August 13, 2024
Add-drop period	August 13 – 26, 2024 <i>(from 9.00 AM of August 13 to 10.30 PM of August 26)</i>
Tuition Fee Payment Period (Via TU Greats App) <i>(All *ID)</i>	August 13 – 27, 2024 <i>(9 AM - 10.30 PM)</i>
Mid-term Examination Period	September 29 – 30, October 1 – 6, 2024
<i>Substitution for H.M. King Bhumibol Adulyadej The Great Memorial Day*</i>	<i>October 14, 2024</i>
<i>King Chulalongkorn's Day*</i>	<i>October 23, 2024</i>
Withdrawal period with "W" on record	August 29 – October 20, 2024 <i>(from 9.00 AM of August 29 to 10.30 PM of October 20)</i>
Special Withdrawal with "w" on record	October 21 – November 20, 2024
Last day of class for Semester 1/2024	December 2, 2024
Final exam period	December 3-4, 6-9, 11-19, 2024
<i>H.M. King Bhumibol Adulyadej The Great's Birthday*</i>	<i>December 5, 2024</i>
<i>Constitution Day*</i>	<i>December 10, 2024</i>
Submitting Forms for Degree Conferral	August 13 – 26, 2024

Remark * Holiday, No classes during this period
Updated: June 14, 2024

Expected Course Learning Outcomes (CLO))Curriculum B.E. 2566(

Course	Knowledge			Skills								Ethics			Character	
	K1	K2	K3	S1	S2	S3	S4	S5	S6	S7	S8	E1	E2	E3	C1	C2
FN201 Business Finance	✓								✓			✓				✓

Expected CLOs	Teaching Methods	Assessment of CLOs								
<p>K1: Students are able to apply the 10 axioms of business finance to make decisions on investment projects that are consistent with the primary goal of financial management.</p> <table border="1" style="margin-left: 20px;"> <tr> <td colspan="2">This CLO is related to</td> </tr> <tr> <td>PLO 1.1, and</td> <td>YLO 1.</td> </tr> </table>	This CLO is related to		PLO 1.1, and	YLO 1.	<ul style="list-style-type: none"> ▪ Lectures with examples ▪ Individual self-test assignments ▪ Active learning via a project-based approach ▪ A group project assignment ▪ Remote Q&A sessions 	<ul style="list-style-type: none"> ▪ <u>Method</u> <ul style="list-style-type: none"> ○ Written exams ▪ <u>Measure</u> <ul style="list-style-type: none"> ○ Total exam scores of 2 topics:)1(Capital Structure and the cost of capital, and)2(The Basics of Capital Budgeting: Evaluating Cash Flows. (K1 measured in % of the total scores) ▪ <u>Rubric</u> <table border="1" style="margin-left: 40px; margin-top: 10px;"> <tr> <td>Unsatisfactory (U)</td> <td>Satisfactory (S)</td> </tr> <tr> <td>K1 < 50%</td> <td>K1 ≥ 50%</td> </tr> </table> ▪ <u>Alternative approach for an improved LO in case of an unsatisfactory outcome</u> <ul style="list-style-type: none"> ○ A student with a U resubmits another assignment. 	Unsatisfactory (U)	Satisfactory (S)	K1 < 50%	K1 ≥ 50%
This CLO is related to										
PLO 1.1, and	YLO 1.									
Unsatisfactory (U)	Satisfactory (S)									
K1 < 50%	K1 ≥ 50%									

Expected CLOs	Teaching Methods	Assessment of CLOs								
<p>S6: Students are able to apply quantitative analysis to make decisions about business and personal finance.</p> <table border="1" data-bbox="172 324 638 391"> <tr> <td colspan="2">This CLO is related to</td> </tr> <tr> <td>PLO 2.6, and</td> <td>YLO 1.</td> </tr> </table>	This CLO is related to		PLO 2.6, and	YLO 1.	<ul style="list-style-type: none"> ▪ Lectures with examples ▪ Individual self-test assignments ▪ Remote Q&A sessions 	<ul style="list-style-type: none"> ▪ <u>Method</u> <ul style="list-style-type: none"> ○ Written exams ▪ <u>Measure</u> <ul style="list-style-type: none"> ○ Total exam scores of the topic of The Time Value of Money. (S6 measured in % of the total scores) ▪ <u>Rubric</u> <table border="1" data-bbox="1276 418 1803 488"> <tr> <td>Unsatisfactory (U)</td> <td>Satisfactory (S)</td> </tr> <tr> <td>S6 < 50%</td> <td>S6 ≥ 50%</td> </tr> </table> ▪ <u>Alternative approach for an improved LO in case of an unsatisfactory outcome</u> <ul style="list-style-type: none"> ○ A student with a U resubmits another assignment. 	Unsatisfactory (U)	Satisfactory (S)	S6 < 50%	S6 ≥ 50%
This CLO is related to										
PLO 2.6, and	YLO 1.									
Unsatisfactory (U)	Satisfactory (S)									
S6 < 50%	S6 ≥ 50%									
<p>E1.1: Students adhere to academic honesty.</p> <table border="1" data-bbox="172 621 638 688"> <tr> <td colspan="2">This CLO is related to</td> </tr> <tr> <td>PLO 3.1.</td> <td>[YLO: N/A]</td> </tr> </table>	This CLO is related to		PLO 3.1.	[YLO: N/A]	<ul style="list-style-type: none"> ▪ Emphasis on the importance of honesty and monitoring ▪ Active learning via a project-based approach ▪ A group project assignment 	<ul style="list-style-type: none"> ▪ <u>Methods</u> <ul style="list-style-type: none"> ○ Verifying from a submitted project report ○ Monitoring behavior during exams ▪ <u>Measure</u> <ul style="list-style-type: none"> ○ Cases of plagiarism, no or incorrect references, and other academic dishonesty (E1.1 measured in the total number of dishonest cases) ▪ <u>Rubric</u> <table border="1" data-bbox="1276 846 1803 915"> <tr> <td>Unsatisfactory (U)</td> <td>Satisfactory (S)</td> </tr> <tr> <td>E1.1 ≥ 1</td> <td>E1.1 = 0</td> </tr> </table> ▪ <u>Alternative approach for an improved LO in case of an unsatisfactory outcome</u> <ul style="list-style-type: none"> ○ In case of plagiarism and no or incorrect references, resubmit work. ○ In case of dishonesty during exams, follow Thammasat University's Rules and Regulations regarding Student Disciplines B.E. 2564. 	Unsatisfactory (U)	Satisfactory (S)	E1.1 ≥ 1	E1.1 = 0
This CLO is related to										
PLO 3.1.	[YLO: N/A]									
Unsatisfactory (U)	Satisfactory (S)									
E1.1 ≥ 1	E1.1 = 0									

Expected CLOs	Teaching Methods	Assessment of CLOs								
<p>E1.2: Students are selfless, responsible for their duties, and accountable for their own actions.</p> <table border="1" data-bbox="172 321 638 391"> <tr> <td colspan="2">This CLO is related to</td> </tr> <tr> <td>PLO 3.1.</td> <td>[YLO: N/A]</td> </tr> </table>	This CLO is related to		PLO 3.1.	[YLO: N/A]	<ul style="list-style-type: none"> ▪ Emphasis on the importance of selflessness, responsibility, and accountability ▪ Active learning via a project-based approach ▪ A group project assignment 	<ul style="list-style-type: none"> ▪ <u>Method</u> <ul style="list-style-type: none"> ○ Verifying from self- and peer evaluation forms ▪ <u>Measure</u> <ul style="list-style-type: none"> ○ Case of a free rider or missing a group deadline (E1.2 measured in the total number of irresponsible cases) ▪ <u>Rubric</u> <table border="1" data-bbox="1276 418 1803 488"> <tr> <td>Unsatisfactory (U)</td> <td>Satisfactory (S)</td> </tr> <tr> <td>E1.2 ≥ 1</td> <td>E1.2 = 0</td> </tr> </table> ▪ <u>Alternative approach for an improved LO in case of an unsatisfactory outcome</u> <ul style="list-style-type: none"> ○ [No clue at the moment] 	Unsatisfactory (U)	Satisfactory (S)	E1.2 ≥ 1	E1.2 = 0
This CLO is related to										
PLO 3.1.	[YLO: N/A]									
Unsatisfactory (U)	Satisfactory (S)									
E1.2 ≥ 1	E1.2 = 0									
<p>C2: Students are up to date on emerging trends in finance or business.</p> <table border="1" data-bbox="172 651 638 721"> <tr> <td colspan="2">This CLO is related to</td> </tr> <tr> <td>PLO 4.2.</td> <td>[YLO: N/A]</td> </tr> </table>	This CLO is related to		PLO 4.2.	[YLO: N/A]	<ul style="list-style-type: none"> ▪ A lecture with examples on innovations in finance and business ▪ An individual assignment on an innovation in finance and business 	<ul style="list-style-type: none"> ▪ <u>Method</u> <ul style="list-style-type: none"> ○ Evaluating from the assignment on an innovation in finance or business (e.g., one of innovative business models, products or services, investible assets) ▪ <u>Measure</u> <ul style="list-style-type: none"> ○ Innovations in finance or business (C2 measured in the total number of cases) ▪ <u>Rubric</u> <table border="1" data-bbox="1276 846 1803 915"> <tr> <td>Unsatisfactory (U)</td> <td>Satisfactory (S)</td> </tr> <tr> <td>C2 = 0</td> <td>C2 ≥ 1</td> </tr> </table> ▪ <u>Alternative approach for an improved LO in case of an unsatisfactory outcome</u> <ul style="list-style-type: none"> ○ A student with a U resubmits another assignment. 	Unsatisfactory (U)	Satisfactory (S)	C2 = 0	C2 ≥ 1
This CLO is related to										
PLO 4.2.	[YLO: N/A]									
Unsatisfactory (U)	Satisfactory (S)									
C2 = 0	C2 ≥ 1									

