



Course Outline

FN201: Business Finance

Semester 2/2024

Lecture Time: Tuesday, 13.00-16.00 hours

Lecture Venue: Room 202

Teaching Materials Platform: Google Classroom - Use Class Code: rjl552t

Or use link : <https://classroom.google.com/c/NjU0MDcwNjY3NzA0>

Instructor:

Name: Dr. Waranyoo Prombandankul

Office Hours:

Email:

Number of credits: 3 credits (3-0-6)

Prerequisite: AC201 Financial Accounting or AC291 Essentials of Accounting

Course Description:

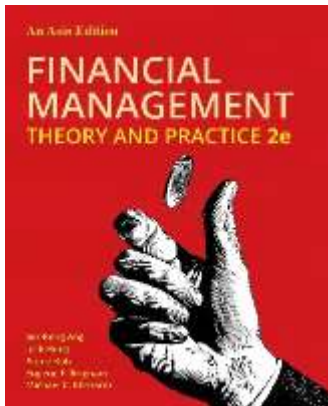
The basic principles of financial management for business; the responsibilities of financial managers; maximization of enterprise value; financial analysis, cash flow analysis, financial planning, fundamental analysis on risk, return, and asset pricing models, time value of money, working capital policies, capital budgeting, financing mix, short-term and long-term financing, and the costs of capital

Course Objectives:

After completing this course, students are expected to be able to

- explain factors influencing firm value, responsibilities of financial managers, goals of financial management, differences between a market price and an intrinsic value,
- explain the 10 principles of finance,
- describe roles of financial markets,
- list, differentiate, and choose sources of short-term and long-term funds that best fits a firm's circumstances and are consistent with the goal of financial management,
- apply the concept of the time value of money,
- compare and contrast various investment evaluating criteria, and make capital budgeting decisions that increase firm's value,
- explain how financing mixes affect firm's value,
- estimate a firm's weighted average cost of capital,
- analyze financial reports,
- explain how distributions to shareholders affect firm's value,
- apply the concepts of cost-volume-profit analysis and leverage analysis for financial planning (optional)
- describe various working capital policies and apply the concept of cash cycles (optional),
- explain how to manage current assets (optional), and
- forecast short-term financial needs (optional).

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 Chapte

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/en/index.html>

<http://www.sec.or.th/view/view.jsp?lang=en>

<http://www.tsi-thailand.org/>

http://www.bot.or.th/Thai/Pages/B_OTDefault.aspx

<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	Participation	1-15	10
2	Quizzes		50
	Quiz 1 (10 points)		
	Quiz 2 (10 points)		
	Quiz 3 (10 points)		
	Quiz 4 (10 points)		
	Quiz 5 (10 points)		
3	No Mid-term examination		
4	Final examination (closed-book, with 2 pages on 1 piece of A4 cheat sheet) Topics covered: 6 – 10 mainly Date: Thursday, December 16, 2021; Time: 09:00 – 11:30 a.m.	After 15	40
		Total	100

A remark on grading: A final grade is determined according to the following criterion.

Total Points	0-39	40-44	45-49	50-59	60-69	70-79	80-84	85-100
Grade	F	D	D+	C	C+	B	B+	A

Note:

Students are encouraged to (1) review accounting concepts covered in AC 201 Financial Accounting, (2) complete required reading assignments before attending the class, (3) participate and ask questions in the class, and (4) review the concepts discussed in the class by doing practice problem sets.

Expected Learning Outcomes (Curriculum B.E. 2561):

• **Morality and Ethics**

Applicability	Learning Goals	Expected Learning Outcomes
☐	1.1 Students possess honesty, sacrifice, self-, social-, and environmental responsibility.	1.1 Students commit no academic dishonesty, are punctual and comply with the rules and regulations of the institution and society at large.
N/A	1.2 Students value “sufficiency” theory and adapt it in life path by adhering to adequacy, rationale, and immunity development.	1.2 N/A
N/A	1.3 Students value disciplines, respect, and comply with the rules and regulations of the institution and society at large.	1.3 N/A
N/A	1.4 Students acquire knowledge related to business morality and ethics, and be able to handle ethical dilemma with integrity.	1.4 N/A

• **Knowledge**

Applicability	Learning Goals	Expected Learning Outcomes
N/A	2.1 Students acquire knowledge on and understand the important concepts in business management.	2.1 N/A
☐	2.2 Students acquire knowledge on and understand the important social and science concepts related to business management.	2.2 Students understand various concepts in accounting, economics, mathematics, and statistics that are relevant to financial decision makings.

• **Knowledge (cont.)**

Applicability	Learning Goals	Expected Learning Outcomes
N/A	2.3 Students acquire knowledge on and understand the important concepts related to business processes, planning, corporate structures, operations, control, performance evaluation and contingency plan to suit the circumstances.	2.3 N/A
N/A	2.4 Students acquire the knowledge on academic advancement and professional development in business management including the understanding of the situational adaptability and its impacts on business.	2.4 N/A

• **Intellectual Development**

Applicability	Learning Goals	Expected Learning Outcomes
□	3.1 Students are able to search and process information and utilize various concepts appropriately in a given circumstance in order to obtain relevant information to benefit in the rapidly changing business environment.	3.1 Students are able to obtain relevant information for financial decision makings.
N/A	3.2 Students are able to think systematically, rationally and creatively and to integrate knowledge from other disciplines to solve the problems in business and other settings.	3.2 N/A
N/A	3.3 Students are able to collectively propose solutions to problems at hand and analyze the impacts of the proposed solutions and be able to choose the solution that is appropriate to a given situation to ensure business competitive advantages	3.3 N/A

• **Interpersonal Skills and Responsibilities**

Applicability	Learning Goals	Expected Learning Outcomes
□	4.1 Students are able to work in team, possess interpersonal skills and leadership skills, and be professionally adaptive to a given situation.	4.1 Students are able to work in team with no free-rider problems.

• **Interpersonal Skills and Responsibilities (cont.)**

Applicability	Learning Goals	Expected Learning Outcomes
N/A	4.2 Students are creative and constructively criticize to solve problem of the team.	4.2 N/A
N/A	4.3 Students are responsible in lifelong learning to develop self and professional career.	4.3 N/A

• **Quantitative Analysis, Communication and Information Technology**

Applicability	Learning Goals	Expected Learning Outcomes
□	5.1 Students are able to apply mathematics, statistics, quantitative analysis in analyzing and making decisions in business and daily life.	5.1 Students are able to apply mathematics, statistics, and quantitative analysis in financial decision makings.
N/A	5.2 Students are able to efficiently communicate in Thai and foreign languages that are relevant in doing business.	5.2 N/A
N/A	5.3 Students are able to explain the issues and make the issues clear in verbal or writing, and be able to choose the appropriate pattern of communication for different groups of audience both in business context and in other contexts.	5.3 N/A
□	5.4 Students are able to utilize the information technologies or others to support the business operations.	5.4 Students are able to use one spreadsheet program to support financial decision makings.

Tentative Class Schedule:

Session; Date & Time (2/2024)	Topics	Activities/ Text & Materials/ Media
#1: #2:	(1) Discounted Cash Flow Analysis 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; asynchronous frequencies of cash flows and compounding; amortized loans; flat-rate or add-on- interest loans; introductory bond and stock valuation AKA investment basics	- A lecture, a discussion, and an assignment Required reading FM 4
#3: #4:	(2) Corporate evaluation 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 AKA investment basics	- A lecture, a discussion, and an assignment Required reading FM 10
#5:	(3) An Overview of Business Finance 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, assignments, and Excel Required reading FM 1
#6: #7:	(4) Bonds Intrinsic value and the cost of debt; bond valuation; bond yields; risk free interest rate; MRP; DRP; LP; bankruptcy and reorganization 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, video clips, and an assignment Required reading FM 5.
No Mid-term exam		

Session; Date & Time (2/2024)	Topics	Activities/ Text & Materials/ Media
#8:	<p>(5) Cash flow 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®</p>	<p>- A lecture, a discussion, and an assignment Required reading FM 2</p>
#9: #10:	<p>(6) 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</p>	<p>- A lecture, a discussion and an assignment Required reading FM 3</p>
#11: #12:	<p>(7) Corporate Valuation and Stock Valuation The free cash flow (FCF) valuation model; the constant growth model; The multistage model; Value-based management; dividend valuation model; the market multiple method</p>	<p>- A lecture, a discussion, an assignment, and Excel Required reading FM 7.</p>
#13:	<p>(8) The Cost of Capital A preview of capital structure** weighted average cost of capital (WACC); the marginal cost of capital (MCC); the MCC schedule; effects of debt financing on the WACC and firm's value</p>	<p>- A lecture, a discussion, assignments, and Excel Required reading FM 9</p>

Optional topic

Session; Date & Time (2/2024)	Topics	Activities/ Text & Materials/ Media
#14:	<p><u>(9) Distributions to Shareholders: Dividends and Repurchases*</u></p> <p>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'</p>	<p>- A lecture, a discussion, an assignment, and Excel</p> <p><u>Required reading FM 14</u></p>