

**Course Outline**  
**FN311: Financial Management**  
**Semester 1/2024 (August 13 - December 2, 2024)**

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

**Prerequisite:**

Curriculum B.E.2561

FN201 Business Finance (which requires AC201 Financial Accounting or AC291 Essentials of Accounting) and FN211 Financial Mathematics and Statistics

**Course Description:**

Theoretical concepts of corporate financial management applied to resolve financial problems and issues encountered by management in the real world of business; the management of asset structure and financial mix; the application of financial models and instruments on managing the assets, liabilities and equities, valuation, the costs of capital, capital structure, capital budgeting under risk, leasing, the concepts of agency problems and corporate governance

**Course Objectives:**

For the purposes of knowledge and intellectual development, after completing this course, students are expected to be able to (1) explain factors influencing firm's value, (2) quantify systematic risk of a firm, (3) calculate free cash flows of a project and a firm, (4) estimate a firm's weighted average cost of capital, (5) forecast financing needs, (6) calculate the intrinsic value of a firm using the discounted cash flow models, (7) compare and contrast alternative financing choices and choose a value-enhancing financing mix, (8) explain how distributions to shareholders affect firm's value, (9) make capital budgeting decisions that increase firm's value under certainties and uncertainties, (10) compare and contrast the FCFF, FCFE, and APV approaches to valuation and capital budgeting analysis, (11) make decisions about bond refunding and leasing, (12) choose various working capital policies that maximizes firm's value and apply the concepts of cash cycles, (13) describe how agency costs affect firm's value, (14) analyze credit policies and adopt the one that maximizes firm's value (optional), and (15) calculate the cost of capital of various hybrid securities (optional).

### Instructor and Course Coordinator:

**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

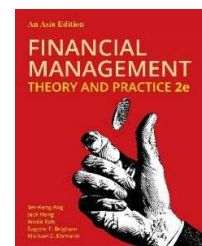
### Class Time, Venue, and Platforms:

**Section:** 046401  
**Day:** Thursday  
**Time:** 01:00 – 04:00 p.m.  
**Venue:** Room #203, Faculty of Economics  
**Class platforms:** (1) MS Teams: **FN311-24F-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), 2<sup>nd</sup> Edition, (Cengage Learning, Singapore: 2021). = **FM** (we = **FM**'s Web Extension; wc = **FM**'s Web Chapter)

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



### Recommended Texts & Materials:

Aswath Damodaran, **Damodaran on Valuation: Security Analysis for Investment and Corporate Finance**. 2<sup>nd</sup> Edition, (John Wiley and Sons: New York, 2006).

### 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 week(s) | Proportion of assessment score |
|------------|--|--------------------|--------------------------------|
| 1          | Assignments  | 1-15               | 10                             |
| 2          | Proctored mid-term examination<br>(Closed-book with 2 pages on 1 piece of A4 cheat sheet allowed)<br>Topics covered: 1 – 5<br>Date: Tuesday, October 1, 2024; Time: 03:00 – 05:30 p.m.                                 | After 7            | 40                             |
| 3          | Proctored final examination<br>(Closed-book with 2 pages on 1 piece of A4 cheat sheet allowed)<br>Topics covered: 6 – 10 mainly (11 – 13 may be covered)<br>Date: Tuesday, December 17, 2024; Time: 09:00 – 12:00 noon | After 15           | 50                             |
|            |  | Total              | 100                            |

**A remark on grading:** 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>80-89</u> | <u>90-100</u> |
|---------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Grade               | F           | D            | D+           | C            | C+           | B            | B+           | A             |

### Notes:

- (1) Students are encouraged to
  - a. review concepts covered in AC201 Financial Accounting, FN201 Business Finance and FN211 Financial Mathematics and Statistics,
  - 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) Assignment scores are finally based on attempt, not correct answers.
- (3) Additional instructions about examinations will be provided should remote examinations are required.
- (4) A make-up class will be rearranged if a regular class day falls on a university holiday.

Tentative Class Schedule:

| Session;<br>Date & Time<br>(2024)             | Topics  | Activities/<br>Text & Materials/<br>Media  |
|---|---|--|
| #1:<br>August 13                              | <b>(1) <u>Financial Management, Firm's Value, and Agency Problems</u></b><br>Course overview; financial managers' responsibilities; the primary objectives of business enterprises; firm's value model; agency relationships; agency problems; agency costs and firm's value  | - A lecture, a discussion, a video clip, an assignment, <b>LN #1</b><br>- Required reading: <b>FM 1, 13, 15</b><br>- Optional reading: <b>FM 2, 3, 6</b>         |
| #2:<br>August 20<br><br>#3:<br>August 27      | <b>(2) <u>Risk and Return</u></b><br>Returns on investments; stand-alone risk; risk in a portfolio context; calculating beta coefficients; the relationship between risk and return: asset pricing models; single-factor models, the Market Model, the Capital Asset Pricing Model (CAPM); some concerns about beta and the CAPM; multi-factor models; data sources; practical issues   | - Lectures, discussions, assignments, <b>LN #2</b><br>- Required reading: <b>FM 6</b><br>- Optional reading: <b>FM 25</b>  |
| #4:<br>September 3<br><br>#5:<br>September 10 | <b>(3) <u>The Cost of Capital: Theory and Practice</u></b><br>The concepts of the cost of capital; costs of debt, convertible debt, preferred stock, common equity: the CAPM approach, the discounted cash flow (DCF) approach, bond-yield-plus-risk-premium approach; hybrid securities (optional); weighted average cost of capital (WACC); the marginal cost of capital (MCC); the MCC schedule; adjusting the cost of capital for risk: the divisional cost of capital; techniques for measuring divisional betas; estimating the cost of capital for individual projects; flotation costs; some problem areas in the cost of capital; data sources | - Lectures, discussions, video clips, assignments, Excel, <b>LN #3</b><br>- Required reading: <b>FM 5, 6, 7, 9, 20</b><br>- Optional reading: <b>FM 18</b>       |
| #6:<br>September 17                           | <b>(4) <u>Financial Forecasting</u></b><br>Overview of financial forecasting; forecasting operations; projecting financial statements; additional funds needed (AFN) with and without financing feedback; forecasting when the ratio changes  | - A lecture, a discussion, a video clip, an assignment, Excel, <b>LN #4</b><br>- Required reading: <b>FM 2, 12</b><br>- Optional reading: <b>FM 2, 3</b>         |
| #7:<br>September 24                           | <b>(5) <u>Corporate Valuation</u></b><br>Firm's value model; modifying accounting data for managerial decisions: calculating free cash flows; MVA® and EVA®; overview of corporate valuation; the corporate valuation model: estimating the value of operations, estimating the price per share   | - A lecture, a discussion, a video clip, an assignment, Excel, <b>LN #5</b><br>- Required reading: <b>FM 2, 7</b><br>- Optional reading: <b>FM 2, 3, 4, 7, 9</b> |

| Session;<br>Date & Time<br>(2024)   | Topics   | Activities/<br>Text & Materials/<br>Media   |
|---|--|---|
| #8:<br>October 8<br><br>#9:<br>October 15<br><br>#10:<br>October 22<br>(first half)     | <b>(6) <u>Capital Structure Decisions: Theory and Practice</u></b><br>Business and financial risk; capital structure theories: the Modigliani-Miller (MM) Model without taxes, the MM Model with corporate taxes, homemade leverage, illustration of the MM Models, the Miller Model with corporate and personal taxes, illustration of the Miller Model; the Hamada Model; the Trade-Off Models, criticisms of the MM and Miller Models; the Signaling Model: the Pecking-Order Model; the Agency Model: agency costs and firm's value; the Market-Timing Model; estimating the optimal capital structure; checklists for capital structure decisions | - Lectures, discussions, a video clip, assignments, Excel, LN #6<br>- Required reading: FM 13, 15<br>- Optional reading: FM 4, 26 |
| #10:<br>October 22<br>(second half)<br><br>#11:<br>October 29<br>(first half)           | <b>(7) <u>Distributions to Shareholders</u></b><br>Theories of and empirical evidence on distributions: dividend irrelevance, bird-in-the-hand, tax differentials, clientele effect, information content or signaling, catering; distributions through stock repurchases; comparison of dividends and repurchases; other factors influencing distributions; stock splits and stock dividends   | - A lecture, a discussion, a video clip, an assignment, Excel, LN #7<br>- Required reading: FM 14;                                |
| #11:<br>October 29<br>(second half)<br><br>#12:<br>November 5<br><br>13:<br>November 12 | <b>(8) <u>Capital Budgeting Analysis under Uncertainty and Uncertainty</u></b><br>Capital budgeting techniques (self-study); Estimating cash flows; identifying the relevant cash flows; evaluating capital budgeting projects: new and replacement project analyses; adjusting for inflation; techniques for measuring stand-alone risk: sensitivity analysis, scenario analysis, Monte Carlo simulation; incorporating project risk into capital budgeting; managing risk through phased decisions: decision trees; real options (optional)  | - Lectures, discussions, a video clip, assignments, Excel, LN #8<br>- Required reading: FM 11<br>- Optional reading: FM 4, 10     |
| 14:<br>November 19  | <b>(9) <u>Alternative Approaches to Corporate Valuation and Capital Budgeting Analysis</u></b><br>The free-cash-flow-to-firm (FCFF) approach; the free-cash-flow-to-equity (FCFE) approach; the adjusted present value (APV) approach  | - A lecture, a discussion, an assignment, Excel, LN #9<br>- Required reading: FM 21   |
| #15:<br>November 26   | <b>(10) <u>Supply Chain and Working Management</u></b><br>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: the maturity-matching approach, aggressive approach, conservative approach   | - Lectures, discussions, a video clip, an assignment, Excel, LN #10<br>- Required reading: FM 16<br>- Optional reading: FM 2, 3   |

| Session;<br>Date & Time<br>(2024) | Topics   | Activities/<br>Text & Materials/<br>Media  |
|-----------------------------------|--|--|
|                                   | <p><b>(11) <u>Providing Trade Credit</u></b> (optional*)<br/>           Credit policies; setting the credit period and standards; setting the collection policy; cash discounts; other factors Influencing credit policy; receivables management: monitoring the receivables position (days sales outstanding, aging schedules, the payment pattern approach); analyzing proposed changes in credit policies<br/>           *When time permits only; Not covered in the exam if not discussed in the class</p> | <p>- A lecture, a discussion, a video clip, an assignment, Excel, LN #11<br/>           - Required reading: FM 16, WC27<br/>           - Optional reading: FM 2, 3</p> |
|                                   | <p><b>(12) <u>Bond Refunding and Lease Analysis</u></b> (optional*)<br/>           A bond refunding operation; Types of leases; a lease-versus-buy decision: evaluation by the lessor</p>  | <p>- A lecture, a discussion, an assignment, Excel, LN #12<br/>           - Required reading: FM 19, WE15b</p>   |



## ACADEMIC CALENDAR & HOLIDAY SEMESTER 1/2024

| Semester 1/2024 (August 13 – December 2, 2024)                               |  |
|--|--|
| Create Plan from Quota via TU Greats App<br>(*ID.64 – 66)                    | July 9 – 11, 2024  |
| Registration via TU Greats App<br>(*ID.64 – 66)                              | July 9 – 11, 2024  |
| Tuition Fee Payment Period (Via TU Greats App)<br>(*ID.64 – 66)              | July 9 – August 9, 2024  |
| Classes Begin  | August 13, 2024  |
| Add-drop period  | August 13 – 26, 2024<br><i>(from 9.00 AM of August 13 to 10.30 PM of August 26)</i>          |
| Tuition Fee Payment Period (Via TU Greats App)<br><i>(All *ID)</i>           | August 13 – 27, 2024<br><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<br><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 Learning Outcomes (Curriculum B.E. 2561):

| 1. Morality and Ethics |   |   |   | 2. Knowledge |   |   |   | 3. Intellectual Development |   |   | 4. Interpersonal Skills and Responsibilities |   |   | 5. Quantitative Analysis, Communication, and Information Technology |   |   |   |
|------------------------|---|---|---|--------------|---|---|---|-----------------------------|---|---|--|---|---|---|---|---|---|
| 1                      | 2 | 3 | 4 | 1            | 2 | 3 | 4 | 1                           | 2 | 3 | 1  | 2 | 3 | 1   | 2 | 3 | 4 |
|                        |   | ● |   | ●            |   |   |   |                             |   | ● |  |   | ● | ●   |   |   |   |

|                    | 1. Morality and Ethics   | Expected Learning Outcomes   |                    |                  |            |            |
|--------------------|--|--|--------------------|------------------|------------|------------|
| N/A                | 1.1 Possess honesty, sacrifice, self-, social-, and environmental responsibility.                                      | 1.1 N/A (not a learning outcome of this class)   |                    |                  |            |            |
| N/A                | 1.2 Value “sufficiency” theory and adapt it in life path by adhering to adequacy, rationale, and immunity development. | 1.2 N/A (not a learning outcome of this class)   |                    |                  |            |            |
| ●                  | 1.3 Value disciplines, respect, and comply with the rules and regulations of the institution and society at large.     | <p>1.3 Students adhere to ethical codes and practices for finance profession—they are expected to commit no academic dishonesty.</p> <p><u>An assessment measure:</u> A number of academic dishonesty cases (M1.3)</p> <p><u>An assessment rubric:</u></p> <table border="1"> <tr> <td>Unsatisfactory (U)</td> <td>Satisfactory (S)</td> </tr> <tr> <td>M1.3 ≥ 0</td> <td>M1.3 = 0</td> </tr> </table> | Unsatisfactory (U) | Satisfactory (S) | M1.3 ≥ 0   | M1.3 = 0   |
| Unsatisfactory (U) | Satisfactory (S)   |  |                    |                  |            |            |
| M1.3 ≥ 0           | M1.3 = 0   |  |                    |                  |            |            |
| N/A                | 1.4 Acquire knowledge related to business morality and ethics and be able to handle ethical dilemma with integrity.    | 1.3 N/A (not a learning outcome of this class)   |                    |                  |            |            |
|                    | 2. Knowledge   | Expected Learning Outcomes   |                    |                  |            |            |
| ●                  | 2.1 Acquire knowledge on and understand the important concepts in business management.                                 | <p>2.1 Overall, students achieve the class objectives (on page 1).</p> <p><u>An assessment measure:</u> The percentage of enrolled students who earn final grades equal to a C and above (M2.1)</p> <p><u>An assessment rubric:</u></p> <table border="1"> <tr> <td>Unsatisfactory (U)</td> <td>Satisfactory (S)</td> </tr> <tr> <td>M2.1 &lt; 75%</td> <td>75% ≤ M2.1</td> </tr> </table>             | Unsatisfactory (U) | Satisfactory (S) | M2.1 < 75% | 75% ≤ M2.1 |
| Unsatisfactory (U) | Satisfactory (S)   |  |                    |                  |            |            |
| M2.1 < 75%         | 75% ≤ M2.1   |  |                    |                  |            |            |
| N/A                | 2.2 Acquire knowledge on and understand the important social and science concepts related to business management.      | 2.2 N/A (not a learning outcome of this class)   |                    |                  |            |            |
| N/A                | 2.3 Acquire knowledge on and understand the important  | 2.3 N/A (not a learning outcome of this class)   |                    |                  |            |            |

|                    |  |  |                    |                  |            |            |
|--------------------|--|--|--------------------|------------------|------------|------------|
|                    | concepts related to business processes, planning, corporate structures, operations, control, performance evaluation and contingency plan to suit the circumstances.  |  |                    |                  |            |            |
| N/A                | 2.4 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 (not a learning outcome of this class)   |                    |                  |            |            |
|                    | <b>3. Intellectual Development</b>   | <b>Expected Learning Outcomes</b>  |                    |                  |            |            |
| N/A                | 3.1 Be 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 N/A (not a learning outcome of this class)   |                    |                  |            |            |
| N/A                | 3.2 Be 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 (not a learning outcome of this class)   |                    |                  |            |            |
| ●                  | 3.3 Be 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. | <p>3.3 Students are able to analyze financial problems faced by companies, formulate alternatives, and suggest solutions that maximize value.</p> <p><u>An assessment measure:</u> The percentage of enrolled students who earn 50% of full points of a relevant question about the concept of capital structure (M3.3)</p> <p><u>An assessment rubric:</u></p> <table border="1"> <tr> <td>Unsatisfactory (U)</td> <td>Satisfactory (S)</td> </tr> <tr> <td>M3.3 &lt; 50%</td> <td>50% ≤ M3.3</td> </tr> </table> | Unsatisfactory (U) | Satisfactory (S) | M3.3 < 50% | 50% ≤ M3.3 |
| Unsatisfactory (U) | Satisfactory (S)   |  |                    |                  |            |            |
| M3.3 < 50%         | 50% ≤ M3.3   |  |                    |                  |            |            |
|                    | <b>4. Interpersonal Skills and Responsibilities</b>  | <b>Expected Learning Outcomes</b>  |                    |                  |            |            |
| N/A                | 4.1 Be able to work in team, possess interpersonal skills and leadership skills, and be professionally adaptive to a given situation.  | 4.1 N/A (not a learning outcome of this class)   |                    |                  |            |            |

|                    |  |  |                    |                  |            |            |
|--------------------|--|--|--------------------|------------------|------------|------------|
| N/A                | 4.2 Be creative and constructively criticize to solve problem of the team.   | 4.2 N/A (not a learning outcome of this class)   |                    |                  |            |            |
| ●                  | 4.3 Be responsible in lifelong learning to develop self and professional career.   | <p>4.3 Students are able to develop a lifelong self-directed learning skill.</p> <p><u>An assessment measure:</u> The percentage of enrolled students who could earn at least 50% of the total points of a self-study assignment.</p> <p><u>An assessment rubric:</u></p> <table border="1"> <tr> <td>Unsatisfactory (U)</td> <td>Satisfactory (S)</td> </tr> <tr> <td>M4.3 &lt; 50%</td> <td>50% ≤ M4.3</td> </tr> </table>   | Unsatisfactory (U) | Satisfactory (S) | M4.3 < 50% | 50% ≤ M4.3 |
| Unsatisfactory (U) | Satisfactory (S)   |  |                    |                  |            |            |
| M4.3 < 50%         | 50% ≤ M4.3   |  |                    |                  |            |            |
|                    | <b>5. Quantitative Analysis, Communication, and Information Technology</b>   | <b>Expected Learning Outcomes</b>  |                    |                  |            |            |
| ●                  | 5.1 Be able to apply mathematics, statistics, quantitative analysis in analyzing and making decisions in business and daily life.  | <p>5.1 Students are able to apply mathematics, statistics, quantitative analysis to make financial decisions that maximize value.</p> <p><u>An assessment measure:</u> The percentage of enrolled students who earn 50% of full points of a relevant question about the concept of risk and return (M5.1)</p> <p><u>An assessment rubric:</u></p> <table border="1"> <tr> <td>Unsatisfactory (U)</td> <td>Satisfactory (S)</td> </tr> <tr> <td>M5.1 &lt; 50%</td> <td>50% ≤ M5.1</td> </tr> </table> | Unsatisfactory (U) | Satisfactory (S) | M5.1 < 50% | 50% ≤ M5.1 |
| Unsatisfactory (U) | Satisfactory (S)   |  |                    |                  |            |            |
| M5.1 < 50%         | 50% ≤ M5.1   |  |                    |                  |            |            |
| N/A                | 5.2 Be able to efficiently communicate in Thai and foreign languages that are relevant in doing business.  | 5.2 N/A (not a learning outcome of this class)   |                    |                  |            |            |
| N/A                | 5.3 Be 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 (not a learning outcome of this class)   |                    |                  |            |            |
| N/A                | 5.4 Be able to utilize the information technologies or others to support the business operations.  | 5.4 N/A (not a learning outcome of this class)   |                    |                  |            |            |

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