

Course Outline

FN 201 Business Finance

Semester 1st/2021 (August 9 – November 27, 2021)

Number of credits:	3 credits (3-0-6)
Lecture Time:	Tuesdays, 02:00 – 05:00 p.m.
Lecture Venue:	Remote classes via Zoom (The Meeting ID and password is in the class Facebook.)
Instructor:	Asst. Prof. Obrom Chaowalerd (อบรม ชาวนันเลิศ)
Office:	BA 552, 5th Floor, East Wing, Thammasat Business School (temporarily closed)
Office hours:	Weekdays from dawn to dusk by calls (phone or Messenger)
Phone:	(083) 840-0060
Message:	Facebook Messenger (Obrom Chaowalerd)
Class Facebook:	FN201 1/21 BE @Econ-TU (All class materials are available here.) https://web.facebook.com/groups/999251110652721



Course Administrator:	Asst. Prof. Obrom Chaowalerd (อบรม ชาวนันเลิศ)
Teaching Assistant:	Nanthasri Kheankham
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

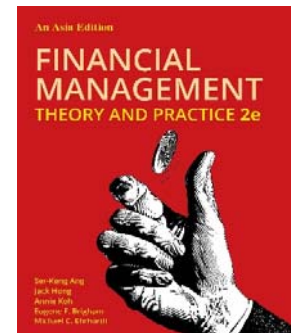
Course Objectives:

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

- (1) explain factors influencing firm value, responsibilities of financial managers, goals of financial management, differences between a market price and an intrinsic value,
- (2) explain the 10 principles of finance,
- (3) describe roles of financial markets,
- (4) 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,
- (5) apply the concept of the time value of money,
- (6) compare and contrast various investment evaluating criteria, and make capital budgeting decisions that increase firm's value,
- (7) explain how financing mixes affect firm's value,
- (8) estimate a firm's weighted average cost of capital,
- (9) analyze financial reports,
- (10) explain how distributions to shareholders affect firm's value,
- (11) apply the concepts of cost-volume-profit analysis and leverage analysis for financial planning (optional)
- (12) describe various working capital policies and apply the concept of cash cycles (optional),
- (13) explain how to manage current assets (optional), and
- (14) 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 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/en/index.html>

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

<http://www.thaibma.or.th/>

<http://www.tfex.co.th/>

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

<http://www.bot.or.th/Thai/Pages/BOTDefault.aspx>

<http://www.settrade.com>

Companies' websites

Grading Criteria:

Activity #	Assessment methods	Assessment session(s)	Proportion of assessment score
1	Assignments	1-15	10
2	Mid-term examination (closed-book, with 2 pages on 1 piece of A4 cheat sheet) Topics covered: 1 – 5 Date: Tuesday, September 28, 2021; Time: 03:00 – 05:00 p.m.	After 7	40
3	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	50
		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):
1. 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

2. 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.
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

2. Knowledge (cont.)

Applicability	Learning Goals	Expected Learning Outcomes
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

3. 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

4. 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.

4. 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

5. Quantitative Analysis, Communication and Information Technology

Applicability	Learning Goals	Expected Learning Outcomes
●	5.3 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	5.4 Students are able to efficiently communicate in Thai and foreign languages that are relevant in doing business.	5.2 N/A
N/A	5.5 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
○	5.6 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 (2021)	Topics	Activities/ Text & Materials/ Media
#1: August 10	(1) 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, and an assignment Required reading FM 1; LN #1
#2: August 17	(2) The Axioms of Business Finance 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 capital markets*; the agency problems; business ethics	- A lecture, a discussion, and an assignment Required reading FM 1, 2, 4, 6, 11, 13; LN #2
#3: August 24 #4: August 31 #5: Sept. 7	(3) 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*	- A lecture, a discussion, assignments, and Excel Required reading FM 4, 5, 7, 20; LN #3 * Valuing bonds and stocks is discussed fully in FN 312 Investments.
#6: Sept. 14	(4) Financial Environments and Markets* 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 1, 5; LN #3 * This is mainly a self-study.
#7: Sept. 21	(5) Financing I: Short-Term Funds* Financing: major sources of funds; financing policies: conservative, aggressive, maturity matching; short-term funds; accruals and trade credit; the implicit cost of trade credit; short-term bank loans: key characteristics; criteria used when choosing a bank**; commercial paper: key characteristics; use of security in short-term financing; pledging of accounts receivable; factoring; inventory blanket lien; trust receipt; warehouse receipt financing; advantages and disadvantages of short-term funds	- A lecture, a discussion, video clips, and an assignment Required reading FM 16, wc27; LN #5 * This is mainly a self-study. Please review topic # (4). ** Optional
Mid-term exam (Topics covered: 1 - 5)		

Session; Date & Time (2021)	Topics	Activities/ Text & Materials/ Media
#8: Oct. 5	(6) Financing II: Long-Term Funds* Major types of long-term funds; long-term loans: key characteristics, types, advantages and disadvantages; debentures and bonds: key characteristics, types, advantages and disadvantages; lease financing; a conceptual comparison between buying and leasing assets preferred stock: key characteristics, types, and advantages and disadvantages; common stock: key characteristics, legal rights and privileges, types, and advantages and disadvantages of common stocks; pre-emptive rights; warrants: key characteristics and types; retained earnings	- A lecture, a discussion, video clips, and an assignment Required reading FM 5, 7, 18, 20; LN #6 * This is mainly a self-study. Please review topic # (4).
#9: Oct. 12	(7) 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	- A lecture, a discussion, video clips, and an assignment Required reading FM 14; LN #7 * Theories on cash dividends and stock repurchases are covered in FN 311 Financial Management.
#10: Oct. 19 #11: Oct. 26 #12: Nov. 2 (first half)	(8) 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)	- A lecture, a discussion, video clips, an assignment, and Excel Required reading FM 9, 15; LN #8 * The CAPM approach is covered in FN311 Financial Management.
#12: Nov. 2 (second half) #13: Nov. 9 #14: Nov. 16	(9) 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, assignments, and Excel Required reading FM 10; LN #9 * Cash flow estimation and risk analysis are discussed fully in FN311 Financial Management.

Session; Date & Time (2021)	Topics	Activities/ Text & Materials/ Media
#15: Nov. 23	<p>(10) Analysis of Financial Reports* 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</p>	<p>- A lecture, a discussion, video clips, an assignment, and Excel Required reading FM 2, 3; LN #10</p> <p>* This is mainly a self-study. ** Please review AC 201 Financial Accounting. *** Optional</p>
Optional topics		
	<p>(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</p>	<p>- A lecture, a discussion, an assignment, and Excel Required reading FM 15; LN #11</p> <p>* Optional</p>
	<p>(12) Financial Forecasting* Overview of financial planning; sales forecast; additional-funds-needed (AFN) method; forecasted-financial-statements method; an adjustment for a financing feedback; forecasting when the ratios change</p>	<p>- A lecture, a discussion, and an assignment Required reading FM 12; LN #12</p> <p>* Optional. Please review AC 201 Financial Accounting.</p>
	<p>(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</p>	<p>- A lecture, a discussion, an assignment, and Excel</p> <p>Required reading FM 16; LN #13</p> <p>* Optional. This topic is fully covered in FN 311 Financial Management.</p>

Session; Date & Time (2021)	Topics	Activities/ Text & Materials/ Media
	<p>(14) <u>Current Asset Management</u>* Cash; motives for holding cash; cash budget; short-term investments; key characteristics of short-term investments; an overview of receivables and inventory management</p>	<p>- A lecture, a discussion, an assignment, and Excel Required reading FM 16, wc27, wc28; LN #14 * Optional</p>
<p>Final exam (Topics covered: 6 – 10, mainly and 11 - 14 if covered in the class)</p>		

ACADEMIC CALENDAR & HOLIDAYS
Semester 1st/2021
(August 9 – November 27, 2021)

Activities	Time Period
First day of classes	August 9, 2021
Add-drop period	August 6 – 15, 2021
Tuition fee installment plan (09:00 a.m. – 10:30 p.m.)	First payment: July 16 – 18, 2021
	Second payment: August 30 – Sept. 3, 2021
	Third payment: September 20 – 22, 2021
<i>H.M. Queen Mother Sirikit's Birthday and Mother's Day*</i>	<i>August 12, 2021</i>
Mid-term examination period	September 27 – October 3, 2021
Withdrawal period with "W" on record	October 11 – November 15, 2021
Last day of classes	November 27, 2021
Final examination period	November 29 – 30, 2021 December 1 – 3, 7 – 9, 11 – 17, 2021
<i>H.M. King Bhumibol Aduldej, the Great Memorial Day*</i>	<i>October 13, 2021</i>
<i>H.M. King Chulalongkorn's Day*</i>	<i>October 23, 2021</i>
<i>Substitution for H.M. King Chulalongkorn's Day*</i>	<i>October 25, 2021</i>
<i>H.M. Bhumibol Aduldej, the Great's Birthday*</i>	<i>December 5, 2021</i>
<i>Substitution for H.M. Bhumibol Aduldej, the Great's Birthday*</i>	<i>December 6, 2021</i>
<i>Constitution Day*</i>	<i>December 10, 2021</i>

*A holiday (no classes)

CONTACT INFORMATION

BE International Program, Faculty of Economics, Thammasat University

Address: 2 Prachan Road, Pranakorn, Bangkok 10200 Thailand

Tel: +66 (0)2613 2437-8

Fax: +66 (0)2224 0150

Email: be@econ.tu.ac.th

Website: www.be.econ.tu.ac.th

BE-Moodle: <http://bemoodle.econ.tu.ac.th/>