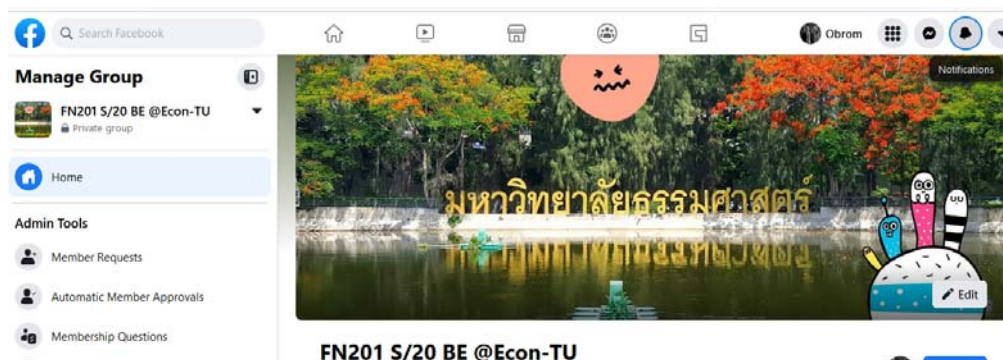


**Course Outline**  
**FN 201 Business Finance**  
**Semester S/2020 (June 14 – July 21)**

<b>Number of credits:</b>	3 credits (3-0-6)
<b>Lecture Time:</b>	Mondays, Wednesdays, and Fridays, 09:00 a.m. – 12:00 noon
<b>Lecture Venue:</b>	Remote classes via Zoom (The Meeting ID and password will be announced.)
<b>Instructor:</b>	Asst. Prof. Obrom Chaowalerd (อบรม เซาว์นเลิศ)
<b>Office:</b>	BA 552, 5th Floor, East Wing, Thammasat Business School (temporarily closed)
<b>Office hours:</b>	Weekdays from dawn to dusk by calls (phone or Messenger)
<b>Phone:</b>	(083) 840-0060
<b>Message:</b>	Facebook Messenger (Obrom Chaowalerd)
<b>Class Facebook:</b>	FN201 S/20 BE @Econ-TU (All class materials are available here.)



<b>Course Administrator:</b>	Asst. Prof. Obrom Chaowalerd (อบรม เซาว์นเลิศ)
<b>Teaching Assistant:</b>	Nanthasri Kheankham
<b>Prerequisite:</b>	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

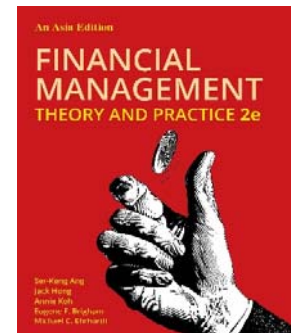
### Course Objectives:

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), 2<sup>nd</sup> 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	15.0
2	Mid-term examination (closed-book, with 2 pages on 1 piece of A4 cheat sheet) Topics covered: 1 – 5 Date: Thursday, July 1, 2021; Time: 09:00 – 11:30 a.m.	After 7	40.0
3	Final examination (closed-book, with 2 pages on 1 piece of A4 cheat sheet) Topics covered: 6 – 10 mainly Date: Thursday, July 29, 2021; Time: 09:00 – 11:30 a.m.	After 15	45.0
		Total	100.0

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

<b>Total Points</b>	<b><u>0-49</u></b>	<b><u>50-54</u></b>	<b><u>55-59</u></b>	<b><u>60-66</u></b>	<b><u>67-74</u></b>	<b><u>75-84</u></b>	<b><u>85-89</u></b>	<b><u>90-100</u></b>
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:**

<b>Session; Date &amp; Time (2021)</b>	<b>Topics</b>	<b>Activities/ Text &amp; Materials/ Media</b>
#1: Mon, June 14	<b>(1) An Overview of Business Finance</b> Course overview; finance; business finance; corporate life cycle; financial managers' responsibilities; the primary objectives of business enterprises: value maximization; firm value model	- A lecture, a discussion, and an assignment <b>Required reading</b> <b>FM 1; LN #1</b>
#2: Wed, June 16	<b>(2) The Axioms of Finance</b> The risk-return trade-off; the time value of money; cash flows; incremental cash flows; the curse of competitive markets; efficient capital markets; the agency problems; taxes; different types of risk; business ethics	- A lecture, a discussion, and an assignment <b>Required reading</b> <b>FM 1, 2, 4, 6, 11, 13; LN #2</b>
#3: Fri, June 18	<b>(3) Financial Environments and Markets*</b> 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 <b>Required reading</b> <b>FM 1, 5; LN #3</b>  * This is mainly a self-study
#4: Mon, June 21	<b>(4) Discounted Cash Flow Analysis</b> 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, amortized loans; flat-rate or add-on-interest loans; introductory bond and stock valuation*	- A lecture, a discussion, assignments, and Excel <b>Required reading</b> <b>FM 4, 5, 7, 20; LN #4</b>
#5: Wed, June 23		* Valuing bonds and stocks is discussed fully in FN 312 Investments.
#6: Fri, June 25		
#7: Mon, June 28	<b>(5) Analysis of Financial Reports*</b> 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; comparative ratios and benchmarking; uses and limitations of ratio analysis; looking beyond the numbers	- A lecture, a discussion, video clips, an assignment, and Excel <b>Required reading</b> <b>FM 2, 3; LN #5</b>  * This is mainly a self-study. ** Please review AC 201 Financial Accounting. *** Optional
<b>Mid-term exam (Topics covered: 1 - 5)</b>		

Session; Date & Time (2021)	Topics	Activities/ Text & Materials/ Media
#8: Mon, July 5	<b>(6) Short-term Financing*</b> Short-term financing: advantages and disadvantages; accruals and trade credit, the cost of trade credit; short-term bank loans; the cost of bank loans: simple interest, discount interest, effects of compensating balances, add-on interest; choosing a bank; commercial papers; use of security in short-term financing**; pledging of accounts receivable**; factoring; inventory blanket lien**; trust receipt**; warehouse receipt financing**	- A lecture, a discussion, video clips, and an assignment <b>Required reading</b> <b>FM 16, wc27; LN #6</b>  * This is mainly a self-study. Please review topic # (4). ** Optional
#9: Wed, July 7	<b>(7) Long-term Financing*</b> Long-term loans; debentures and bonds: key characteristics, types, advantages and disadvantages of using debt; preferred stock: key characteristics, types, and advantages and disadvantages of preferred stock; common stock: key characteristics, legal rights and privileges, types, and advantages and disadvantages of common stocks; pre-emptive rights; warrants: key characteristics; retained earnings	- A lecture, a discussion, video clips, and an assignment <b>Required reading</b> <b>FM 5, 7, 18, 20; LN #7</b>  * This is mainly a self-study. Please review topic # (4).
#10: Fri, July 9  #11: Mon, July 12  #12: Wed, July 14 (first half)	<b>(8) Capital Structure and the Cost of Capital</b> 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, bond-yield-plus-risk-premium approach; weighted average cost of capital (WACC); the marginal cost of capital (MCC); the MCC schedule; adjusting the cost of capital for risk; flotation costs; some problem areas in the cost of capital; effects of debt financing on the WACC	- A lecture, a discussion, video clips, an assignment, and Excel <b>Required reading</b> <b>FM 9, 15; LN #8</b>  * The CAPM approach is covered in FN311 Financial Management.
#12: Wed, July 14 (second half)  #13: Fri, July 16  #14: Mon, July 19	<b>(9) The Basics of Capital Budgeting: Evaluating Cash Flows*</b> 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; decisions used in practice	- A lecture, a discussion, assignments, and Excel <b>Required reading</b> <b>FM 10; LN #9</b>  * Cash flow estimation and risk analysis are discussed fully in FN311 Financial Management.

Session; Date & Time (2021)	Topics	Activities/ Text & Materials/ Media
#15: Wed, July 21	<p><b>(10) Distributions to Shareholders: Dividends and Repurchases*</b></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</p>	<p>- A lecture, a discussion, and an assignment</p> <p><b>Required reading</b> <b>FM 14; LN #10</b></p> <p>* Theories on cash dividends and stock repurchases are covered in FN 311 Financial Management.</p>
<b>Optional topics</b>		
	<p><b>(11) Cost-Volume-Profit (CVP) and Leverage Analyses*</b></p> <p>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</p> <p><b>Required reading</b> <b>FM 15; LN #11</b></p> <p>* Optional</p>
	<p><b>(12) Financial Forecasting*</b></p> <p>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</p> <p><b>Required reading</b> <b>FM 12; LN #12</b></p> <p>* Optional. Please review AC 201 Financial Accounting.</p>
	<p><b>(13) Supply Chains and Working Capital Management*</b></p> <p>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 <b>FM 16; LN #13</b></p> <p>* Optional. This topic is fully covered in FN 311 Financial Management.</p>

Session; Date & Time (2021)	Topics	Activities/ Text & Materials/ Media
	<b>(14) Current Asset Management*</b> 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 assignment, and Excel <b>Required reading</b> <b>FM 16, wc27, wc28; LN #14</b> * Optional
<b>Final exam (Topics covered: 6 – 10, mainly and 11 - 14 if covered in the class)</b>		

**ACADEMIC CALENDAR & HOLIDAYS**  
Semester S/2020  
(June 14 – July 21, 2021)

Activities	Time Period
First day of classes	June 14, 2021
Add-drop period	June 15 – 18, 2021
Tuition payment period	June 19 – 21, 2021
Mid-term examination period	July 1 – 2, 2021
Withdrawal period with “W” on record	July 5 – 11, 2021
Last day of classes	July 21, 2021
<i>Asanha Bucha Day*</i>	<i>July 26, 2021</i>
<i>Buddhist Lent Day*</i>	<i>July 27, 2021</i>
<i>H.M. King’s Birthday*</i>	<i>July 28, 2021</i>
Final examination period	July 29 – 30, 2021

\*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](mailto:be@econ.tu.ac.th)  
Website: [www.be.econ.tu.ac.th](http://www.be.econ.tu.ac.th)  
BE-Moodle: <http://bemoodle.econ.tu.ac.th/>