**University of Management and Technology**

**Course Outline**

Course code: FN-340 Course title: Business finance

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| Program | **BS-Act / BBA** |
| Credit Hours | **3** |
| Duration | **30 sessions (1H 15M each)** |
| Prerequisites | **All accounting courses** |
| Resource Person | USMAN JAVED GILANI |
| Counseling Timing  (Room# ) |  |
| Contact | usman.gilani@umt.edu.pk |

**Chairman/Director Programme signature………………………………….**

**Dean’s signature…………………………… Date………………………………………….**

**Learning Objective:**

The aim of this course is to familiarize the participants with basic principles of finance and their effect in business environment.

This is a basic course of finance for BBA program. The main aim of this course is to prepare participants to understand the language of finance, the corporate objective and basic terminologies of Finance. After studying this course, the participants should be able:

* To understand the basic concepts and principles used in Finance
* To interpret financial statements of a company and thereafter perform financial analysis
* To calculate present and future value of money

**Learning Methodology:**

The resource person shall explain and discuss a topic in accordance with course outline & students shall be asked to solve & discuss various exercises, problems & cases based on those discussions. Guidance in this respect will be provided by the instructor in and outside the class during counseling hours.

**Grade Evaluation Criteria**

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

Quizzes 15%

Assignments 10%

Class Participation Attendance 5%

Project / Case study 10%

Midterm 25%

Final Exam 35%

Total **100%**

**Recommended Text Books:**

Course pack

**Reference Books:**

* Essentials of Finance by Ross, Jordan & Westerfield (7th Edition)
* Principles of Finance by Scott Besley and Eugene Brigham
* Principles of Managerial Finance by Lawrence J. Gitman (11th Edition).

**Calendar of Course contents to be covered during semester**

**Course code** FN-340 **Course title:**  BUSINESS FINANCE

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| **Session #** | **Lecture Contents** | **Evaluation** |
| 1 | **An overview of Finance**   * An introduction to Finance * Major areas and functions in Finance * Goals and issues in organizations   **Financial Assets**   * Overview of different Financial Instruments. * Debt and bond features * Stock and its types   **Financial Markets** **and Banking System**   * An introduction to Financial Markets * Importance and role of Financial Markets * Types of Financial Markets * How does banking system work. * The investment Banking Process * Major Security Markets * Role of Security Exchanges |  |
| 2, 3 | **An Overview of Financial Statements and Cash Flows.**   * Modifying Accounting data for Managerial Decisions * Calculation of NOWC, NCF, NOPT, OCF, MVA, EVA, etc. | Discussion  Quiz #1  Case Study # 1  Assignment # 1 |
| 4, 5, 6 | **Analysis of Financial Statements**   * Develop an Understanding with Stockholder’s Report. * Common size balance sheets and income statements * Fundamentals of using Financial Ratios * Liquidity Ratios * Activity Ratios * Debt Ratios * Profitability Ratios * Market Ratios * A complete Ratio analysis * DuPont System of Analysis * Uses and limitations of Ratio Analysis | Discussion  Quiz # 2  Case study # 2  Assignment #2 |
| 7 | **The Cost of Money**   * Factors that Effects the Cost Of Money. * Interest Rates Fundamentals * The Determinants of Market Interest Rate. | Discussion  Quiz #3  Case study # 3  Assignment # 3 |
| 8 | **Midterm** |  |
| 9, 10, 11 | **The Time Value of Money**   * Role of time Value of Money in Finance. * Concept of Future and Present Value. * Concept of Single Amount * Present and Future Value of a Single amount. * Present & Future value of Annuities * Future & Present values of Mixed streams * Compounding Interest * Loan Amortization | Discussion  Quiz # 4  Case Study # 4  Assignment # 4 |
| 12, 13, 14 | **Risk and Rates of Return**   * Investment returns, expected rate of return * Stand alone risk: standard deviation & CV * Risk aversion and required returns * Portfolio risk: Diversifiable vs Market. * Security Market Line and CAPM. | Discussion  Quiz # 5  Case study # 5  Assignment #5 |
| 15 | **Revision** |  |