



University of Management and Technology
School of Commerce and Accountancy
Quaid e Azam Campus

Course Outline

Course Title: Business Finance (FN-350)	
Program	
Credits Hours	3
Duration	15 Weeks / 30 Sessions
Prerequisites	Business Finance (FN-350)
Resource Person	
Contact/Email	

Course Description:

Learning financial management is about constructing a conceptual framework and changing your views to build understanding. This course provides a foundation to help you understand deeper issues and to develop expertise. A variety of learning materials and opportunities to practice basic concepts underlie the design of this course. You are encouraged to discover, collaborate and regulate learning at your own pace from multiple sources of information provided. This course will encourage you to think critically about issues in financial management. A mixture of individual and collaborative work will help you to take advantage of peer expertise and produce feedback opportunities that would not be possible otherwise.

Learning Objectives:

By the end of this course you should be able to realize:

1. That a working knowledge of finance is important even if you are not planning a career in finance.
2. Besides wanting to pass this course, why do you need to understand finance.
3. How should a business organization manage its everyday financial activities?
4. Understand the difference between accounting profits and cash flows.
5. The value of money versus time (the concept of time value of money).
6. The role of interest rate on the economy.
7. The role of interest on Value (example: your savings and loans).
8. An overview of the Capital Budgeting process and techniques.
9. Apply and evaluate financial information in a simulated case setting.
10. Increase your confidence to participate in financial decision making.

Teaching-Learning Methodology:

- Lectures
- Recommended Text/Supplementary Texts
- Handouts
- Case Studies
- Guest Speakers

Recommended Text Book:

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|-----------------------------------------|-----------------------|
| 1. Fundamentals of Financial Management | Latest Edition |
| | By: Brigham & Houston |

Supplementary Text Books:

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| 1. Financial Management | Latest Edition |
| | By: J. Van Horne |
| 2. Principles of Managerial Finance | 11 th Edition |
| | by Lawrence J. Gitman |
| 3. Fundamentals of Corporate Finance | Latest Edition |
| | By: Brealey, Myers, Marcus |
| 4. Corporate Finance | 7 th Edition |
| | By Ross, Jordan & Westerfield |

Assessment & Evaluation:

Quizzes	15%
Assignments	10%
Presentations	10%
Mid Term	25%
<u>End Term Exam</u>	<u>40%</u>
Total:	100

SCHEDULE OF ACTIVITIES

Week	Contents/Topics to be Taught	Tasks/Activities
1	<p>An Overview of Financial Management</p> <ul style="list-style-type: none"> • An introduction to Financial Management • Important Financial Decisions • Major areas and Functions of Financial Management • Revision of Time Value of Money, Stocks and Bonds Valuation 	Course Outline Distribution
2	<p>Time value of Money</p> <ul style="list-style-type: none"> • Time lines, Future Value, Present Value. • Present Value and Future Value of Ordinary Annuities. • Perpetuities • Uneven cash flow streams, different compounding periods, Fractional time periods, Effective interest. 	Assignment 1
3-4	<p>Bond Valuation</p> <ul style="list-style-type: none"> • Characteristics of Bonds with call provisions and sinking funds and other features. • Bond valuation & bond markets. • Bond Yields: yields to maturity, yield to call current yield, capital gains yield. 	Quiz 1
5-6	<p>Stock Valuation</p> <ul style="list-style-type: none"> • Type of common Stock, common stock markets and transaction. • Stock Valuation Models: constant growth Gordon model, supernormal growth stock valuation, corporate value model. • Stock market equilibrium. • Efficient market hypothesis. 	Assignment 2
7	<p>Risk and Rates of Return</p> <ul style="list-style-type: none"> • Investment returns, expected rate of return • Standalone risk: standard deviation & CV 	Quiz 2

	<ul style="list-style-type: none"> • Risk aversion and required returns • Portfolio risk: Diversifiable vs Market. • Security Market Line and CAMP. 	
8	MID TERM EXAMINATION	
9-10	Dividend and Share Repurchases <ul style="list-style-type: none"> • Alternate Dividend Policies • Stock Split • Stock Repurchase 	Assignment 3
11-12	Weighted Average Cost of Capital <ul style="list-style-type: none"> • Cost of Debt. • Retained Earnings: CAMP approach, discounted approach. • Cost of New Common Stock. • Adjusting WACC for risk. • Optimal Capital structure and Marginal Cost 	Quiz 3
13-14	Capital Budgeting <ul style="list-style-type: none"> • Importance of Capital budgeting. • Cash flow calculations. • Capital budgeting decision rules. • Payable period, NPV, IRR, MIRR, NPV vs IRR. • Optimal Capital Structure • Capital Rationing 	Assignment 4 Quiz 4
15	Introduction of Advanced Topics in Financial Management <ul style="list-style-type: none"> • Leasing • Mergers and acquisitions • Warrants and convertibles 	Presentations
16	END TERM EXAMINATION	