**Course Syllabus**

**Spring 2019**

**<Dr. Yaqoub Ahmad Baqer Alabdullah>**

**FIN 220 – Principles of Financial Management**

**Lecture Time and Location:**

**FIN 220/53** : Sun, Tue, Thur 12:00 – 12:50 pm Room #  **BUA-S zone: CG CLASS 1004**

**Contact Information:**

**Location** : Department of Finance & Financial Institutions – CBA – Shudadeya campus

**Email** : [ybaqer@cba.edu.kw](mailto:ybaqer@cba.edu.kw) (This is my preferred form of com munication).

**Phone #**  : TBA

**Office Hours** : Sun, Tue, and Thur from 1:00 to 2:00 pm or by appointment.

**Website** : [www.ybaqer.com](http://www.ybaqer.com) Check the website for updates, announcements, and materials.

**MyU :** I’ll be using MyU application throughout the semester. @YaqoubBaqer

**Teaching Assistant:** TBA

**Course Description:**

This is an introductory course that aims to familiarize the student with the basics of financial management, including the objectives, tasks and decisions made by the financial managers in organizations. These tasks include, but are not restricted to, financial markets, time value of money, asset valuation, risk and return, bond and stock valuation, capital budgeting, cost of capital, and capital budgeting.

This is not a “how to” course. This is a “why do” course. By way of analogy, think of the set of plans for a building. Both an architect and a draftsman can read the plans and even copy the plans with minor changes. But an architect can do more than a draftsman can do. When it is time to design a completely new building that responds creatively to the needs of the client and the context of the built and natural environment, you want an architect. I am here to train financial architects—not draftsmen. Please do not expect to learn a cookbook of formulas that you plug numbers into. (Now that we have macros in Excel, no one will pay a salary for that skill.) Expect to learn a few simple, but powerful, intuitions and be able to apply them creatively to a variety of new situations. Finance is such a rapidly changing area that you would be poorly served with a set of rote formulae—such knowledge would be rapidly obsolete.

**Course Learning Outcomes:**

The learning outcomes for this course, listed below, relate to the learning goals of the College of Business Administration Undergraduate Program, which can be found in the appendix at the end of this syllabus. The numbers in parenthesis indicate to which specific learning goal the outcome relates.

Upon successful completion of the course, students will:

1. Have a basic understanding of the field of Finance, financial markets and financial institutions.
2. Be able to use financial statements to analyze a firm’s financial performance. (LG5)
3. Be knowledgeable of and able to apply time value of money concepts in financial decision-making. (LG2, LG5)
4. Be able to analyze and solve financial problems. (LG5)
5. Understand the concepts and tools used to value bonds and stocks. (LG2, LG5)
6. Be able to use capital budgeting methods (i.e. NPV, IRR, MIRR, PBP, etc.) to solve financial problems. (LG2, LG5)
7. Be able to use spreadsheet applications for time value of money concepts. (LG3)
8. Understand the ethical problems that may occur in financial decision-making. (LG1)

**Required Material:**

**Textbook** : Brigham, Eugene F., and Joel F. Houston. *Fundamentals of Financial*

*Management*. 12th, 13th or 14th ed. Mason: South-Western, 2009. Print.

**Additional Material** :

* Brigham, Eugene F., and Joel F. Houston. *Fundamentals of Financial*
* *Management: Study Guide*. N.p.: Mason, Ohio, 2012. Print.
* Other material, including course PPT Slides are available on Blackboard.
* Financial Calculator

**Course Requirements and Policies:**

**Expectations:** I expect every student to read the chapter before and after the class. I do not expect you to depend on PowerPoint slides for your studying. I expect you to attend each class and participate in discussions. I expect you to always be prepared and to attend the tutorials.

**Quizzes:** I will give some quizzes throughout the semester, so you should always be prepared.

**Exams:** There will be three midterms and a final. The dates of the exams are as follows:

|  |  |  |
| --- | --- | --- |
| **Date** | **Event** | **Notes** |
| **Tue 8/10/2019** | **Exam 1 (Ch 1, 2 & 4)** | Time and place TBA |
| **Tue 5/11/2019** | **Exam 2 (Ch 5 & 7)** | Time and place TBA |
| **Tue 3/12/2019** | **Exam 3 (Ch 8 & 9)** | Time and place TBA |
| **Wed 18/12/2019** | **Final (comprehensive)** | 2-4 pm in a place TBA |

**Attendance:** I will not take attendance each class. However, your attendance is highly encouraged since I will give quizzes in some classes and I might cover something that is not covered in your textbook. Each student must abide by KU’s bylaws and the student guide. A copy of the student guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

**Cheating and Plagiarism:** Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes “unauthorized assistance” please email me before the deliverable is submitted.

**Writing Style:** Students must refer to APA writing style for their assignments and report writing. Refer to the English Language Center for help.

**Grading:**

The scores in this course will be the weighted average of the following items:

|  |  |
| --- | --- |
| **Weight** | **Description** |
| 50% | Three Midterms |
| 35% | Final Exam |
| 10% | Bonuses and participation |
| 15% | Quizzes |
| 110% | TOTAL |

**Grade Distribution:**

|  |  |
| --- | --- |
| **Grade** | **Range** |
| A | ≥ 95 |
| A- | ≥ 90 and < 95 |
| B+ | ≥ 87 and < 90 |
| B | ≥ 83 and < 87 |
| B- | ≥ 80 and < 83 |
| C+ | ≥ 77 and < 80 |
| C | ≥ 73 and < 77 |
| C- | ≥ 70 and < 73 |
| D+ | ≥ 65 and < 70 |
| D | ≥ 60 and < 65 |
| F | < 60 |

**Course Outline:**

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| --- | --- |
| **Title** | **Topics** |
| An Overview of Financial Management | What is Finance? • Goals of Financial Management • Types of Business Organizations • Business Ethics and Ethical Behavior • Potential Conflicts and Mitigation |
| Financial Markets and Institutions | Types and Roles Financial Markets • Types and Roles of Financial Institutions • Types and Operations of Stock Markets • Stock Market Performance • Importance of Market Efficiency |
| Analysis of Financial Statements  ***(CFA TOPIC)*** | What is Ratio Analysis? • The Five Groups of Ratios • ROE and DuPont • Benchmarking and Trend Analysis • Uses and Limitations of Ratios |
| Time Value of Money  ***(CFA TOPIC)*** | What is Time Value of Money? • Present Value • Future Value • Types of Annuities • Uneven Cash Flow Streams • Types of Interest Rates • Basics of Loan Amortization |
| Bonds and their Valuation  ***(CFA TOPIC)*** | Corporate and Government Bonds • How Bond Prices are Determined • Interest Rates and Bond Prices • Changes in Bond Prices Over Time • Yield to Maturity • Yield to Call • Risks of Bonds |
| Risk and Rates of Return  ***(CFA TOPIC)*** | Stand-Alone Risk vs. Risk in a Portfolio • Risk and Required Rate of Return • Diversifiable Risk vs. Market Risk • What is CAPM? • Factors Affecting the Required Rate of Return on Stocks |
| Stocks and their Valuation  ***(CFA TOPIC)*** | Legal Rights of Stockholders • Stock Price vs. Intrinsic Value • Discounted Dividend Model • Corporate Valuation Model • Preferred Stocks |
| The Cost of Capital  ***(CFA TOPIC)*** | Why Use Weighted Average Cost of Capital (WACC)? • Costs of the Different Components of Capital • Calculating WACC • Limitations of WACC |
| The Basics of Capital Budgeting  ***(CFA TOPIC)*** | What is Capital Budgeting? • Calculating NPV; IRR; MIRR; Payback • Advantages of NPV • Limitations of each Method |

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| **Course Schedule** | | |
| Sun | 08/09/2019 | Introduction to the course |
| Tue | 10/09/2019 | Chapters 1: An overview of financial management |
| Thu | 12/09/2019 | Chapters 1: An overview of financial management |
| Sun | 15/09/2019 | Chapter 2: Financial markets and institutions |
| Tue | 17/09/2019 | Chapter 2: Financial markets and institutions |
| Thu | 19/09/2019 | Chapter 2: Financial markets and institutions |
| Sun | 22/09/2019 | Chapter 4: Analysis of financial statements |
| Tue | 24/09/2019 | Chapter 4: Analysis of financial statements |
| Thu | 26/09/2019 | Chapter 4: Analysis of financial statements |
| Sun | 29/09/2019 | Chapter 4: Analysis of financial statements |
| Tue | 01/10/2019 | Chapter 5: Time value of money |
| Thu | 03/10/2019 | Chapter 5: Time value of money |
| Sun | 06/10/2019 | Chapter 5: Time value of money |
| Tue | 08/10/2019 | **Midterm #1** |
| Thu | 10/10/2019 | Chapter 5: Time value of money |
| Sun | 13/10/2019 | Chapter 5: Time value of money |
| Tue | 15/10/2019 | Chapter 5: Time value of money |
| Thu | 17/10/2019 | Chapter 5: Time value of money |
| Sun | 20/10/2019 | Chapter 7: Bonds and their valuation |
| Tue | 22/10/2019 | Chapter 7: Bonds and their valuation |
| Thu | 24/10/2019 | Chapter 7: Bonds and their valuation |
| Sun | 27/10/2019 | Chapter 7: Bonds and their valuation |
| Tue | 29/10/2019 | Chapter 7: Bonds and their valuation |
| Thu | 31/10/2019 | Chapter 8: Risk and rates of return |
| Sun | 03/11/2019 | Chapter 8: Risk and rates of return |
| Tue | 05/11/2019 | **Midterm #2** |
| Thu | 07/11/2019 | Chapter 8: Risk and rates of return |
| Sun | 10/11/2019 | Chapter 8: Risk and rates of return |
| Tue | 12/11/2019 | Chapter 8: Risk and rates of return |
| Thu | 14/11/2019 | Holiday |
| Sun | 17/11/2019 | Chapter 8: Risk and rates of return |
| Tue | 19/11/2019 | Chapter 9: Stocks and their valuation |
| Thu | 21/11/2019 | Chapter 9: Stocks and their valuation |
| Sun | 24/11/2019 | Chapter 9: Stocks and their valuation |
| Tue | 26/11/2019 | Chapter 10: The cost of capital |
| Thu | 28/11/2019 | Chapter 10: The cost of capital |
| Sun | 01/12/2019 | Chapter 10: The cost of capital |
| Tue | 03/12/2019 | **Midterm #3** |
| Thu | 05/12/2019 | Chapter 11: The basics of capital budgeting |
| Sun | 08/12/2019 | Chapter 11: The basics of capital budgeting |
| Tue | 10/12/2019 | Chapter 11: The basics of capital budgeting |
| Thu | 12/12/2019 | Review |
| Sun | 15/12/2019 | Review |
| Tue | 17/12/2019 | Review |
| Wed | 18/12/2019 | **Final exam (2:00 - 4:00 pm in a place TBA)** |