American University of Beirut

Suliman S. Olayan School of Business

**BBA Course Syllabus**

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| **Course Number:** | FINA 210 |
| **Course Name:** | Business Finance |
| **Credit Hours:** | 3 |
| **Section Number and Time:** | Section 3, T/TH 09:30 AM - 10:45 AM (OSB 238)  Section 8, T/TH 11: AM - 12:15 PM (OSB 216)  Section 4, T/TH 02:00 PM - 03:15 PM (OSB 226) |
| **Instructor:** | Samer Saade, Ph.D. |
| **Office:** | OSB building, Room 321 |
| **Phone:** | 01-374 374 Extension: 3768 |
| **E-mail:** | [ss127@aub.edu.lb](mailto:ss127@aub.edu.lb) |
| **Office Hours:** | **T/TH 3:15 PM – 04:00 PM** |
| **Required Materials:** | |  |  | | --- | --- | |  | Textbook 1 | | Textbook Name | Fundamentals of Corporate Finance | | Author(s) | Ross/Westerfield/Jordan | | Publisher | McGraw-Hill | | Edition | 9th edition | | Year | 2010 | | ISBN | 978-0-07-724612-9 | | Required / Recommended | Required | |

*Other:*

Slides, e-reserve, Jafet Library

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| **Prerequisites:** | ACCT 210 |
| **Course Description:** | This course teaches the tools that determine and analyze the major decisions a financial manager has to make, including identification of the firm’s goals, time value of money, use of discount cash flow models, capital budgeting under certainty, capital structure as it relates to cost of capital, dividend policy, and ethics in finance. |
| **Relationship to Other Coursework:** | Business Finance is a foundation course at the introductory level in finance for all business and non-business administration major students. In this course, students learn where to get the funds for investments and what is the basis for valuation of the different financial instruments. They are taught how to use these funds and how to choose among several investment opportunities. They also study how to consider the risk element and the time value of money in making investment decisions. The knowledge acquired in this course serves as the platform for more advanced analysis in finance. |
| **BBA Program Learning Goals (LG)**  **Specific Learning Objectives (SLO) for the Course:** | This course is a foundation course in Finance for students in the undergraduate program. To this end most of the BBA program learning goals are addressed throughout the course as follows:   * ***B-LG1: Business Professional Knowledge & Competence -*** throughout this course students will be able to **apply** strategies that will allow a firm to make sound investment decisions. In formulating these strategies students will **use concepts, principles and theories** from core business professional knowledge and competence both from generic and specific business areas. They will gain a deep understanding of the key areas of financial management: investment decision-making, (NPV, IRR, etc.), financial optimal structure (capital structure, debt and equity financing), and dividend policy. These topics are central to decisions made by financial managers regarding the goals and financial strategy of a corporation, financial statements and their analysis, and financial forecasting and planning. Performance will be assessed by the instructor mainly through multiple choice exams, and a case study analysis. * ***B-LG2: Decision Making* -** through an integrated case study**,** students will **recognize** and **describe** analytical-quantitative approaches to business and managerial decision-making situations. They will also **demonstrate** competency in the **application** of these analytical-quantitative approaches**.** They will be able to understand and apply financial analysis principles and methodologies to a listed/publicly traded firm. They will use the results of the analysis to make an informed, well-justified judgment concerning the financial health of the company being analyzed and, if appropriate, recommend corrective courses of action for the firm**.** * ***B-LG3: Ethics*** - OSB graduates will **understand** and **explain** ethical principles/rules/codes of conduct and situational variables bearing upon business/managerial ethical dilemmas. They will learn and understand the responsibility of the firm towards its stakeholders among which the social environment in which it operates. * ***B-LG4: Teamwork*** – In this course, the student will demonstrate appropriate teamwork behavior in a group case analysis exercise.   The Specific Learning Objectives (SLOs) for this course that map to the BBA program learning goals mentioned above are as follows:  ***B-LG1: Business Professional Knowledge & Competence***   1. Use time value of money concepts to assess impact of time on the value of cash flows. 2. Recognize the characteristics and compute the value of bonds and stocks. 3. Generate a company’s cost of capital and use it to carry out capital budgeting analysis for new investment proposals. 4. Describe and compute risk and return of assets and well-diversified portfolios. 5. Explain the basics of capital structure theory.   ***B-LG2: Decision Making* & *B-LG4: Teamwork***   1. Apply financial statement analysis and methodologies in a group setting to a listed/publicly traded firm and use the results of the analysis to make an informed, well-justified judgment concerning the financial health of the company. ***(Assessed using AoL rubric on case analysis).***   ***B-LG3: Ethics***   1. Acknowledge the agency problem between the firm and its stakeholders. |
| **Instructional Methodology:** | Lecture, class discussion, and group case analysis |
| **Performance Evaluation and Grading:** | |  |  | | --- | --- | | **Test 1 (November 21st 2012, from 7 PM to 9 PM)** | 40% | | Test 2 | 35% | | Quizzes (2) | 10% | | Comprehensive Case Analysis | 10% | | Attendance and Participation | 5% | | Total | 100% | |
| **Summary of Topical Coverage:** | |  |  |  |  | | --- | --- | --- | --- | |  | SLO referenced | Hours | % of Time | | Introduction to Corporate Finance | 7 | 2.00 hrs | 5.33% | | Working with Financial Statements | 6 | 3.50 hrs. | 9.33% | | Time Value of Money | 1,2,3 | 2.25 hrs. | 6.00% | | Discounted Cash Flow Valuation | 1,2,3 | 4.50 hrs | 9.33% | | Interest rates and Bond Valuation | 2 | 3.25 hrs. | 8.67% | | Stock Valuation | 2 | 4.25 hrs. | 8.67% | | Net Present Value and Other Investment Criteria | 3 | 3.25 hrs. | 8.67% | | Making Capital Investment Decisions | 3 | 4.00 hrs. | 9.33% | | Return, Risk and the Security Market Line | 4 | 4.25 hrs. | 11.33% | | Cost of Capital | 3 | 2.50 hrs. | 6.67% | | Financial Leverage and Capital Structure Policy | 5 | 3.75 hrs. | 7.33% | | Total Hours  *(based on 15 weeks per semester @ 2.5 hours per week)* |  | 37.50 hrs. | 100% | |
|  | Please note the following omissions:   * Chapter 7: sections 7.3,7.4,7.5,7.6 & 7.7 * Chapter 8: section 8.3 * Chapter 9 : p.p.283-284 * Chapter 10: pp. 319 onward (replacement problems also) * Chapter 14: 14.5 onward * Chapter 16: 16.5 & 16.9 |
| **Use of Technology:** | Students will be expected to use MS word, and MS excel in completing their projects. |
| **Academic Honesty:** | Students are expected to complete all work with the highest standard of integrity in line with AUB’s Student Code of Conduct and OSB’s Honor Code. Plagiarism, forgery, cheating or any form of academic misconduct will not be tolerated. Any of the above may cause a student’s final course grade to be lowered significantly or the student may receive a failing grade, depending on the severity of the offence. Plagiarism is the presentation of the work of another as one’s own work. |
| **Other Course Policies:** | * Attendance: Students missing more than 6 classes will be penalized. Students missing more than 9 classes may be dropped without notice. If your absences accumulate after the drop deadline, you risk failing the course. No student is allowed to enter the class after ten minutes from its official starting time unless he or she has the prior consent of the instructor. * Turn-it-In: Students must submit all written projects and assignments to *turnitin.com* on the same day that they submit their work to their instructors. Turnitin.com is simply an aid to ensure that a student’s work is their own. Further details concerning turnitin.com will be provided in class * Deadlines and Due Dates: These will be strictly enforced. Written assignments are due at the beginning of class on the due date. Late submissions will automatically lose one letter grade per day (24 hours). Missing work will be assigned a grade of zero. * Group work: Individuals must contribute their fair share to any group effort resulting in a deliverable to the instructor. In addition, everyone in the group will be held accountable for the quality, originality and proper sourcing of the entire group product. * Exams: Students that miss the Mid-Term Exam must present an official excuse otherwise they will receive a grade of zero/100 on the exam. If the official excuse is accepted the Final Exam will carry 80% of the grade. |
| **Additional Information:** | * Quizzes: Pre-scheduled quizzes will be administered during the semester; any student missing a quiz without an official excuse will receive a 0/100 grade on that quiz. * Case Analysis: A group case analysis is required for the purpose of assessing competency of students in the **application** of analytical-quantitative approaches as related to Financial Statements Analysis, and in the ability to adapt to team work. This project is to be presented in hard copy on 3rd week of April. * Calculators: the use of a financial calculator is required for in-class problem solving sessions and during exams. The exams will be corrected taking into consideration that the student has access to this calculation tool. |