



**American University of Science & Technology
Faculty of Business & Economics
Graduate Program**

REM 052 – Finance Development Skills

Course Syllabus

Fall 2015 - 2016

Catalog Description

This course focuses on the role of the financial manager in the use of financial concepts and techniques in planning for the acquisition and use of funds to maximize the value of the firm. In addition, it covers taxes, discounted cash flow analysis, sources and uses of funds, valuation models, risk and rates of return, financial cash and marketable securities management, credit management, inventory management and short-term financing.

Credit: 3 hours | **Prerequisites by Course:** REM 051 – Accounting Development Skills

Main Textbook

Fundamentals of Corporate Finance, 2nd Edition
Robert Parrino, David Kidwell, & Thomas Bates, John Wiley & Sons Inc.

Reference Textbooks

- 1) Intermediate Financial Management, 9th Edition, for Eugene Brigham & Philip Daves
- 2) Financial Management, 10th Edition, for G. Keown, John D. Martin, William Petty, and David F. Scott
- 3) Financial Management, 2nd Edition, for Raymond Brooks

Instructor

Antoine Aouad, M.Sc | Office Hours: Always Available | Email: anaouad@aust.edu.lb

Schedule

M 6:30 – 9:00 pm

Course Objectives

This course provides a sound foundation for understanding key financial issues and maintains a functional focus. The general theme is financial analysis – a broad term that captures the essence of managerial decision-making using various financial techniques, and current thinking on what managers will need to make their business succeed and remain liquid and profitable. The material will revolve around the themes of financial statement analysis, ratio analysis, and role of financial management in enterprises, risk and rate of return, time value of money, and project valuation and evaluation.

Learning Outcomes

Students in this course will be able to:

1. **Identify** the basic forms of business organization.
2. **Explain** why maximizing the current value of the firm's stock is the appropriate goal for management.
3. **Discuss** how agency conflicts affect the goal of maximizing stockholder value.
4. **Discuss** direct financing and the important role that investment banks play in this process.
5. **Describe** the primary, secondary, money markets, and capital markets instruments.
6. **Compute** the nominal and the real rates of interest.
7. **Explain** how the four major financial statements are related.
8. **Identify** the difference between average and marginal tax rates.
9. **Explain** the three perspectives from which financial statements can be viewed.
10. **Discuss** how financial ratios facilitate financial analysis of a firm's performance.
11. **Explain** the concepts of future and present values.
12. **Discuss** the proper use of present value to make business decisions.
13. **Identify** the meaning and use of holding period return.
14. **Compute** the expected return along with the standard deviation of any asset.
15. **Define** the Capital Asset Pricing Model.
16. **Describe** the market and types of corporate bonds.
17. **Illustrate** the calculation of the value of a bond and negative relation between bond prices and interest rate movements.

Academic Honesty

Submitting someone else's work as your own is not tolerated. The assignments are designed to fit and may be completed by the individual student. The instructor realizes that homework is frequently a collaborative task, and understands that some students may require some help. Students who collaborate with others are expected to write their homework by themselves in clean **A4 sheets**. Students are not expected to collaborate on examinations. If the instructor determines that academic dishonesty has occurred, the student(s) involved will normally be given an immediate grade of "F" and dropped from the course.

Class Policies

Class participation is expected and will form a part of the final grade. Students are expected to attend all class sessions and to be on time. Roll will be called each class meeting. Classes missed for legitimate reasons, such as illness or temporary duty assignments are excusable. The student is expected to make up the missed work by making arrangements with the instructor. The student is responsible for providing the instructor with justification for an excused absence either prior to or immediately after the absence.

Absence Policy:	2 absences	1st warning
	4 absences	Final warning (subjected to an AW)
	6 and above	Academic Withdrawal

⇒ **Students who come late to class will not be allowed to attend the session.**

Report & Projects

All reports and projects should be submitted typed using A4 format papers, Times New Roman font type size 12 with 1.5 line spacing. Projects will also be presented using Microsoft PPT.

Course Program

No. of Sessions	Material	Chapter
0.5	The Financial Manager and the Firm	1
0.5	The Financial System and the Level of Interest Rates	2
2	Financial Statements, Cash Flows, and Taxes	3
2	Analyzing Financial Statements	4
1	Exam One	1 to 4
1	The Time Value of Money	5
3	Discounted Cash Flows & Valuation	6
1	Exam Two	1 to 6
2	Risk and Return	7
2	Bond Valuation and the Structure of Interest Rates	8
1	Final Exam	Comprehensive

Grading

The course grade essentially consists of six components. The instructor is at liberty to reassign weights within few percentage points among components if it becomes necessary only if it is in the best interest of the class. All students are required to sit for all exams and group case/project presentations. Failure to attend will result in an automatic F grade. Any such absences must be cleared in advance with the course instructor.

Assessment Tool	Learning Outcomes	Weight
Case Studies	1 to 17	15%
Take-Home Assignments	6, 7, 8, 10, 11, 12, 13, 14, 15 & 17	10%
Exam One	1 to 8	20%
Exam Two	1 to 12	20%
Final Exam	1 to 17	35%
Total		100%

Examination Dates

Exam	Date	Material
Exam One	To be assigned	Chapter 1, 2, 3, & 4
Exam Two	To be assigned	Chapters 1 to 6
Final Exam	To be assigned	Chapters 1 to 8

Supporting Resources

1. Handouts will be uploaded on the online system.
2. Books at the AUST Library Block B, 8th Floor.

Detailed Course Content & Schedule

Session	Description	Chapter	Hours
Session 1	The Financial Manager and the Firm <ul style="list-style-type: none"> The Role of the Financial Manager Forms of Business Organization Managing the Financial Function The Goal of the Firm Agency Conflicts The Importance of Ethics in Business 	Chapter 1	1.5
Session 1	The Financial System and the Level of Interest Rates <ul style="list-style-type: none"> The Financial System Direct Financing Types of Financial Markets Market Efficiency Financial Institutions and Indirect Financing The Determinants of Interest Rates Levels 	Chapter 2	1.5
Session 2	Financial Statements, Cash Flows, and Taxes <ul style="list-style-type: none"> Financial Statements and Accounting Principles The Balance Sheet Market Value versus Book Value The Income Statement and the Statement of Retained Earnings (+ <i>BVPS</i> & <i>EPS</i>) <u>Extra Material: Dividend Payout Ratio versus Retention Ratio</u> Tying the Financial Statement Together End-of Chapter Problems Pages 78 & 79 Problems: 18, 22, 23, 25, 28, & 32	Chapter 3	6
Session 3			
Session 4	Analyzing Financial Statements <ul style="list-style-type: none"> Background for Financial Statements Analysis Common-size Financial Statements Financial Ratios & Performance The Dupont System Selecting a Benchmark <u>Extra Material: Basic Earning Power ratio</u> End-of Chapter Problems Page 78 Problem 19 (Chapter 3) Pages 117, 118, 119 & 120 Problems: 20, 24, 26, 28, 29, 30, 31, 34 & CFA Problems	Chapter 4	6
Session 5			
Session 6	Exam One	1 to 4	3

Session 7	The Time Value of Money <ul style="list-style-type: none"> • The Time Value of Money • Future Value & Compounding • Present Value & Discounting • Additional Concepts & Applications • End-of Chapter Problems Pages 156, 157, & 158 Problems: 19, 20, 24, 34, 35, & 37	Chapter 5	3
Session 8 Session 9	Discounted Cash Flows & Valuation <ul style="list-style-type: none"> • Multiple Cash Flows • Level Cash Flows: Annuities & Perpetuities • Cash Flows that Grow at a Constant Rate • The Effective Annual Rate • End-of Chapter Problems Pages 193, 194, 195, & 196 Problems: 19, 21, 23, 27, 29, 31, 35, 36, 38, & 40 + Extra Problems	Chapter 6	6
Session 10	Exam Two	1 to 6	N/A
Session 11 Session 12	Risk and Return <ul style="list-style-type: none"> • Risk & Return • Quantitative Measures of Return • The Variance & Standard Deviation as Measures of Risk • Covariance & Correlation Coefficient • Risk & Diversification • Systematic Risk • Compensation for Bearing Systematic Risk • The Capital Asset Pricing Model • End-of Chapter Problems Pages 235, 236, & 237 Problems: 14, 16, 19, 20, 34, 35, & 37 + Extra Problems	Chapter 7	6
Session 13 Session 14	Bond Valuation and the Structure of Interest Rates <ul style="list-style-type: none"> • Corporate Bonds • Bond Valuation • Bond Yields • Interest Rate Risk • The Structure of Interest Rates • <i>Extra Material: YTM & YTC Approximated Formulae</i> • End-of Chapter Problems Pages 264 & 265 Problems: 15, 18, 21, 24, 26, 29, & 31 + Extra Problems	Chapter 8	6
Session 15	Final Exam	Comprehensive	3

Note

Financial Calculators and Financial Tables are not allowed in this course. Students have to rely on the mathematical formulae in all the chapters.

Course Approach

The course material will be delivered based on the following techniques:

1. Formal and informal lectures to increase the student participation and effective exposition of discussed issues.
2. Teamwork is also encouraged to continuously apply brainstorming group problem solving techniques.
3. Debate sessions will also be conducted to stress the critical thinking approach into the exposition of ideas and achievement of higher interactivity between students.
4. Online Problem solving sessions through the student's "wileyPlus" website link.

Homework Format

All homework should be submitted on the due date. Homework will be graded and returned by next week with the appropriate solution. Late homework will be penalized 50 % per class period. No homework and projects will be accepted after the last day of classes.