



**Spring Term**

**Basic Information:**

<b>Title:</b>	Business Finance	<b>Code:</b>	FIN 240
<b>Program:</b>	BBIT	<b>Credit Hours:</b>	Three (03)
<b>Sessions:</b>	30 Classes + Mid Term + Final Term	<b>Pre-Requirement:</b>	ACCT 210

**Course Description:**

*The main objective of this course is to introduce the students to the field of Finance. This course is designed to familiarize them with the fundamental finance concepts like time value of money; the expected rate of return; valuation of financial securities; evaluate the long term projects; and calculate the financing cost. This course together with the next course, Advance Financial Management, completes an introduction to modern theory of corporate finance.*

**Learning Outcomes:**

*After the completion of this course, it is expected that students who will involve themselves in the knowledge base working of the course will be capable to*

- Learn the basic environment of the financial markets.*
- Apply time value of money concepts to complex cash flow scenarios*
- Understand the basics of the term structure of interest rates and the yield curve*
- Learn the basic concepts of Risk and Return*
- Learn the basics of bonds & stocks and their valuation*

**Teaching Learning Methodology:**

*The formal teaching component of this course consists of active student participation in and contribution to all forms of teaching and learning i.e. lectures, discussions, research assignments and projects. Lectures will be twice a week of 90 min each.*

**Group Configurations:**

*One of the objectives of this course is to encourage and facilitate teamwork. Class will have to make a group of four for projects and research assignments. It is recommended that student will form their own groups. As a general guideline, your group should have members with diverse skill sets including people who are proficient or have aptitude for different subject areas.*

**Weekly Term Plan**

<b>Wk</b>	<b>Lecture Topic</b>
01	<i>Overview of Financial Management</i>
02	<i>Financial Environment: Markets, Institutions and Instruments</i>
03	<i>Time Value of Money</i>
04	<i>Simple cash stream</i>
05	<i>Annuity</i>
06	<i>Perpetuity</i>
07	<i>Practice Session (Excel)</i>
08	<i>Mid Term Examination</i>
09	<i>Risk &amp; Return Tradeoff</i>
10	<i>Cost of Capital</i>
11	<i>Financial Statements</i>
12	<i>Bonds Valuation</i>
13	<i>Practice Session (Excel)</i>
14	<i>Stock Valuation</i>
15	<i>Practice Session (Excel)</i>
16	<i>Final Term Examination</i>



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**Topics in Detail**

**Overview of Financial Management**

- Role of Finance Manager*
- Forms of Business Organizations*
- Goal and structure of a Corporation with emphasis on stocks and bonds*

**Financial Environment: Markets, Institutions and Instruments**

- Financial Market*
- Importance of Financial Markets*
- Types of Financial Markets*
- Financial Institution*
- Types of Financial Institutions*
- Role of Financial Institutions*

**Time Value of Money**

- Time Lines,*
- Future Value and Present Value Concepts*
- Solving for Interest Rates and Time*
- Ordinary & Due Annuities*
- PVA, FVA, PMT, i & n, Perpetuities*
- Uneven Cash Flow Streams*
- Semiannual & Other Compounding Periods*

**Risk & Return Tradeoff**

- Interest Rate Calculations:*
- Nominal Rate, Periodic Rate & Effective Annual Rate*
- Factors affecting Interest Rates, Interest Rate Levels*

**Cost of Capital**

- Cost of Debt*
- Cost of Preferred Stock*
- Cost of New Equity*
- Cost of Retained Earnings*

**Financial Statements**

- Balance Sheet*
- Income Statement*
- Profit and loss statement*

**Bonds Valuation**

- Types of Bond*
- Bond Valuation*

**Stock Valuation**

- Types of stock*
- Stock Valuation*

**Text & Recommended Readings**

1. Fundamentals of Financial Management  
Eugene F. Brigham and Joel F. Houston  
12<sup>th</sup> Edition 2009 ISBN:
2. Fundamentals of Financial Management  
Van Horne & Wachowicz Jr  
13<sup>th</sup> Edition 2009 ISBN: 978-8120338975

**Assignment Specification**

- Microsoft Word for Documentation*
- Headings*                      *Arial 11pt Bold*
- Normal Text*                  *Times New Roman 10pt*
- Header Footer*                *Times New Roman 8pt*
- Paragraph*                      *Single Line Spacing*
- First Line Indent 1.0 cm*
- Page Margins*                 *2 cm from each side*



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**Grading Policy:**

*Final Grade for this course will be the cumulated result of the following term work with relevant participation according to the quoted percentage.*

<b>Sessional</b>	<b>25%</b>		<b>Mid Term</b>	<b>35%</b>		<b>Final Term</b>	<b>40%</b>
Assignments	10 %		Mid Term Exam	25%		Final Exam	30%
Quizzes	10%		Major Report/Work	10%		Case Study/ Project/ Term Paper	10%
Presentations	05%						

*Remember subdivision of Mid Term and Final Term Examination should be done only in extreme cases of very essential and major Grading Instruments.*

**Dishonest Practices & Plagiarism**

*Any student found responsible for dishonest practice/cheating (e.g. copying the work of others, use of unauthorized material in Grading Instruments) in relation to any piece of Grading Instrument will face penalties like deduction of marks, grade 'F' in the course, or in extreme cases, suspension and rustication from IBIT.*

*For details consult Plagiarism Policy of PU at <http://pu.edu.pk/dpcc/downloads/Plagiarism-Policy.pdf>*

**Grading System:**

Letter Grade	Grade Point	Num Equivalence
A	4.00	85 – 100 %
A-	3.70	80 – 84 %
B+	3.30	75 – 79%
B	3.00	70 – 74 %
B-	2.70	65 – 69 %
C+	2.30	61 – 64 %
C	2.00	58 – 60 %
C-	1.70	55 – 57 %
D	1.00	50 – 54 %
F	0.00	Below 50 %
I	Incomplete	*
W	Withdraw	*

**Norms to Course:**

- ✓ *Submission Date and Time for the term instruments is always **Un-Extendable**.*
- ✓ *5 Absentees in class will result in forced withdrawal. (PU Policy)*
- ✓ *Re-sit in Mid and Final Term will cause you a loss of 2 and 3 grade marks respectively. (PU Policy)*
- ✓ *This is your responsibility to keep track of your position in class evaluation units.*
- ✓ *After the submission date, NO excuse will be entertained.*
- ✓ *Keep a copy of all submitted Grading Instruments.*
- ✓ *Assignment is acceptable only in its Entirety.*
- ✓ *No make up for any assignment and quiz.*
- ✓ *Copied & Shared work will score Zero.*
- ✓ *Assignments are Individual.*

**Good Luck**  
 For the Spring Term