

KING FAHD UNIVERSITY OF PETROLEUM & MINERALS
College of Industrial Management
Department of Finance & Economics

Course Syllabus

Managerial Finance
FIN 510 - Section 01
First (Fall) Semester (Term 101)

Instructor: Dr. Mohammed Alzahrani, CFA	Office: B24-248
Phone: 860-1626	Fax: 860-2585
Class Hours: UT 06:30 PM – 07:45 PM Class Location: B24-129	Office Hours: Sunday 4:00PM – 5:00PM Tuesday 4:00PM – 5:00PM Other times by appointment
E-mail: mfaraj@kfupm.edu.sa	Web: http://faculty.kfupm.edu.sa/FINEC/mfaraj Check the course material on Balckboard/WebCT http://webcourses.kfupm.edu.sa/webct/entryPageIns.dowebct

Prerequisites: FIN 501 or equivalent and ACCT 510

Required Materials:

Text: Principles of Corporate Finance, by Brealey, Myers, and Allen, 8th Ed., McGraw Hill, 2008.

Tools: Spreadsheet software, online financial data, and financial calculator will be used in the course.

Additional Readings: Excerpts from journal articles and business cases will be distributed in class.

Optional Materials: Local business publications such as *Aleqtisadia* and international business publications such as *The Wall Street Journal* or *Financial Times* are highly recommended for awareness of business and finance current events and will enrich class discussion. *Business Week*, *The Economist*, *Barron's*, *Forbes*, *Fortune* are also excellent business publications. You can also find a wealth of information in the textbook website (www.mhhe.com/bma9e)

Purpose: To provide the student with the basic knowledge of concepts, problem-solving techniques, and applications of financial management. These fundamentals of finance help the manager to make investment and financing decisions that will maximize shareholders' wealth. There are three main aspects of the course: 1- Financing needs and capital structure 2- Project, security, and Company Valuation 3-Selected strategic finance topics that will be determined based on time availability and students' interest.

Pedagogy: The course covers the basic insights of corporate finance theory, but emphasizes the application of theory to real business decisions. Each session will involve class discussion. In some instances, discussion will be centered on lectures; in others it will be centered on a business case. Your participation is critical to the success of the course. You are expected to read the required material, come to class, and participate in class discussion.

Attendance & Participation: Attendance is expected. Students will be able to grasp the subject matter better if they have good attendance and are attentive in class. Pre-class reading of the material to be covered is a prerequisite for earning good grades. Part of your course grade comes from participation in class. Your active participation is important.

Excessive Absences: A grade of “DN” will be given for more than 6 unexcused absences.

Examinations: There will be one mid-term exam and a final exam. Each exam will be worth 30 points. Exams will be a combination of multiple choice and essays questions that involves quantitative and qualitative problems. Quantitative answers that do not show work do not earn points. The exams are cumulative in the sense that the material covered on the final exam builds upon the material from the mid-term. Exams will be announced at least a week in advance, but a tentative schedule is attached. No make-up exams will be given – even for illness or any other absence. Treat these dates as you would an important meeting in the business world.

Assigned problems and Cases: During the course, I will assign problems and business cases. These assignments can be either individual- or team-based. In team-based assignments, the student's score is weighted by his peer evaluation. All detailed requirements will be discussed at the time the assignment is distributed.

Extra Credit: The instructor reserves the right to assign extra credit work whenever needed. Just do not ask for one.

Grades: Final grades will be based on a 100 point total.

Mid-term Exam	30
Final Exam	30
Assigned Problems and Cases	30
Attendance, Participation, and other assignments	<u>10</u>
Total Points	100

Class average on exams will be adjusted UP to 70% if necessary (no downward adjustments).

Drop Policy: The official university policy will be followed. Be aware of these dates:

Wed, Oct 6th, last day to drop the course with no record

Wed, Nov 3rd, last day to drop the course with an automatic “W”

Academic Dishonesty and Misconduct: The university policy will be followed. Plagiarism and Cheating will not be tolerated.

Additional Policies:

- Exam scores or grades will not be given out over the phone.
- Cell phones, pagers and other electronic devices must be turned off during the class. Repeated interruption from these items will run the risk of dismissing the student from the class.
- Class will begin on time. If you are late, make every effort to minimize disruption to other students.
- You are responsible for all material presented in class. If you miss any material because of absence or tardiness, you should ask another student for notes.
- Office hours are specifically for the purpose of addressing questions and problems related to class and are reserved for students. Times other than posted for office hours are by appointment, but are available.

FIN 510-UT First Semester (101) TENTATIVE SCHEDULE

Date	Topic	Ch.	Notes
Sun, Sep 26	PV, The Objectives of the firm, and CG	2	Ch1,3,6,7 self-reading
Tue, Sep 28	PV, The Objectives of the firm, and CG(cont'd)	2	
Sun, Oct 03	Valuing Bonds	4	
Tue, Oct 05	Valuing Bonds (cont'd)	4	
Sun, Oct 10	Valuing Bonds (cont'd)	4	
Tue, Oct 12	The value of common stocks	5	
Sun, Oct 17	The value of common stocks (cont'd)	5	
Tue, Oct 19	The value of common stocks (cont'd)	5	
Sun, Oct 24	Risk, Return, and the Opportunity cost of capital	8	
Tue, Oct 26	Risk, Return, and the Opportunity cost of capital (cont'd)	8	
Sun, Oct 31	Risk and Return	9	
Tue, Nov 02	Risk and Return(cont'd)	9	
Sun, Nov 07	Risk and Return(cont'd)	9	
Tue, Nov 09	Mid-Term Exam		Ch. 2,4,5,8,9
Sun, Nov 14	EID Break		
Tue, Nov 16			
Sun, Nov 21			
Tue, Nov 23			
Sun, Nov 28	Does Debt Policy Matter?	18	
Tue, Nov 30	How much should a firm borrow?	19	
Sun, Dec 05	How much should a firm borrow? (cont'd)	19	
Tue, Dec 07	How much should a firm borrow? (cont'd)	19	
Sun, Dec 12	Financing and Valuation	20	
Tue, Dec 14	Financing and Valuation (cont'd)	20	
Sun, Dec 19	Financing and Valuation (cont'd)	20	
Tue, Dec 21	Payout Policy	17	
Sun, Dec 26	Payout Policy (cont'd)	17	
Tue, Dec 28	Agency, Management performance and Compensation	13	
Sun, Jan 02	Agency, Management performance and Compensation (cont'd)	13	
Tue, Jan 04	Mergers	32	
Sun, Jan 09	Mergers (cont'd)	32	
Tue, Jan 11	Corporate Restructuring	33	
Sun, Jan 16	Corporate Restructuring (cont'd)	33	
Wed, Jan 26	Final Exam at 7:00 PM		Ch.17,18,19,20,13,32,33
Tue, Feb 01	Grades Due (at 3 PM)		