

KING FAHD UNIVERSITY OF PETROLEUM & MINERALS
College of Industrial Management

Executive MBA Program

FIN552: Financial Management
Spring (Term 092)

Instructor: Dr. Mohammed Alzahrani

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Check the course material on Blackboard / WebCT:

<http://webcourses.kfupm.edu.sa/webct/entryPageIns.dowebct>

Consultations: By Appointment.

Textbook: Eugene, Brigham and Joel Houston, Fundamentals of Financial Management, 12th edition, South-Western, 2009.

Objectives: The Primary objective of this foundation course is to help executives develop skills and abilities in financial analysis and provide a framework for making financing and investment decisions. Such a framework is based on the notion of firm value maximization. This course discusses the basic concepts in financial management, including firm performance evaluation, time value of money, analysis of risk and return, valuation of financial assets, capital budgeting, and capital structure policies.

Technology: a Business/Financial calculator will be very useful. Familiarity with spreadsheet programming, e.g. Microsoft Excel© should come in handy.

Pedagogy: The course will utilize hands-on activities and problems solving. In addition, real world examples and business cases will be used to enhance the understanding of concepts under discussion. Group discussions and individual participation is expected and will be rewarded.

Classroom Policy: This course will be based on *Team Learning Model*, under which, students carries the learning responsibility and will be evaluated in part based on their pre-session preparation. In a nutshell, team learning model requires students to prepare for the class material before coming to class and the instructor will administer individual and group *Readiness Assurance Test* (RAT) at the beginning of the session. RAT will include 15-20 (multiple choice and/or essay question on the material to be discussed during the session. Participants' tests will be graded in the same session and participants will receive immediate feedback from the instructor. After that, the instructor will explain the material using some application-oriented activities that students conduct during the class.

The instructors will assume that participants have read the chapters prior to attending the session. Participants are expected to carry out the tasks assigned to them, including the assigned readings, in-class exercises, and group assignments and cases. Positive participation including attendance, active involvement in class discussions and exercises is essential.

Group assignments and cases related to every session will be given and should be returned on or before the deadline.

Grading Policy: Performance in class will be measured through individual- and group-based activities. The participant's score on the group-based activities is the group score weighted by the participant's peer evaluation.

Grade Distribution:

Individual RAT	20 Points
Group RAT	20 Points
In-class assignments	20 Points
Assignment I	20 Points
Assignment II	10 Points
<u>Assignment III</u>	<u>10 Points</u>
Total	100 Points

Instructor reserves the right to apply curving if needed!

Schedule:

Session 1: Wednesday, May 05, 2010

Location: Holiday Inn –Alkhubar

Morning Session: *Introduction* (8:00AM – 11:45AM)

- Discussion of the course syllabus
- Introduction (Chapter 1)
- Financial Markets and Institutions (Chapter 2)
- Financial Statements and Cash flow (Chapter 3)

Afternoon Session: *Tools and Concepts* (01:00PM – 4:30PM)

- Analysis of Financial Statements (Chapter 4)
- **Individual and Group RATs (Ch1,2,3,4)**
- Time Value of Money (Chapter 5)

Session 2: Wednesday, May 19, 2010

Location: Holiday Inn –Alkhubar

Morning Session: *Valuation I* (8:00AM – 11:45AM)

- Continue Time Value of Money (Chapter 5)
- **Individual and Group RATs (Ch5,6,7,9)**
- Interest Rates (Chapter 6)

Afternoon Session: *Valuation II* (01:00PM – 4:30PM)

- Bonds and their valuation (Chapter 7)
- Stocks and their valuation (Chapter 9)
- *Assignment I to be returned via email by Tuesday June 1st, 2010.*

Session 3: Wednesday, June 2nd, 2010

Location: Mercure Hotel - Bahrain

Morning Session: *Risk and Reward* (8:00AM – 11:45AM)

- Discussion of Assignment I
- **Individual and Group RATs (Ch8,10,11)**
- Risk and Return (Chapter 8)

Afternoon Session: *Capital Budgeting* (01:00PM – 4:30PM)

- Cost of capital (Chapter 10)
- Basics of Capital Budgeting (Chapters 11)
- *Assignment II to be returned via email by Tuesday June 15th, 2010.*

Session 4: Wednesday, June 16th, 2010

Location: Holiday Inn –Alkhubar

Morning Session: *Debt Policy* (8:00AM – 11:45AM)

- Discussion of Assignment II
- **Individual and Group RATs (Ch12,14,15)**
- Cash Flow Estimation and Risk Analysis (Chapter 12)
- Capital Structure and Leverage (Chapter 14)

Afternoon Session: *Payout Policy* (01:00PM – 4:30PM)

- Distributions to Shareholders (Chapter 15)
- *Assignment III to be returned by Monday June 21st, 2010.*