

Institute of Administrative Sciences
Faculty of Business, Economics, and Administrative Sciences
University of the Punjab, Lahore
Course Outline



Programme	BS Management	Course Code	MGT-221	Credit Hours	3
Course Title	Fundamentals of Finance				
Course Introduction					
<p>This is an introductory course in finance, which provides students with a general understanding of the principles and practice of finance. The focus of the subject is on the major financial decisions made by companies and the valuation of investments made by them along analysis of financial statements. The course starts by examining the various forms of businesses and the importance of financial markets and interest rates. The main objective of the course is to inculcate among the students' basic concepts of finance to manage their own personal finance as well as management their investments.</p>					
Learning Outcomes					
<p>The learning outcomes of this courses are to:</p> <ol style="list-style-type: none"> 1. Explain the role of finance and the different types of jobs in finance, 2. Identify the different types and operations of financial markets and financial institutions and explain how these markets and institutions enhance capital allocation, 3. Understand Financials statement analysis using ratios and other tools, 4. Explain how the time value of money works (present and future values) and discuss why it is such an important concept in finance, 5. Understand the fundamental securities valuation in capital markets, 6. Discuss the conceptual relationship between risk and return 					
Course Content				Assignments/Readings	
Week 1	Unit-I: An Overview of Finance What is Finance, Goal of a Financial Manager, Financial Decisions, Jobs in Finance, Forms of Business Organization, Stock Prices and Shareholders' value, Intrinsic Values, Stock Prices and Executive Compensation, Important Business Trends, Business Ethics, Conflicts between Managers, Stockholders, and Bondholders, Agency Relationship				
Week 2	Unit-II: Financial Markets and Institutions The Capital Allocation Process, Financial Markets, Financial Institutions, The Stock Market and Returns, Stock Market Efficiency				
Week 3-4	Unit-III: Financial Statements, Cash Flows and taxes Financial Statements and Reports, The Balance Sheet, The Income Statement, Statement of Cash flows, Statement of Stockholders' Equity, Free Cash Flow, Income Tax				

Week 5-6	Unit-IV: Analysis of Financial Statements Ratio Analysis, Liquidity Ratios, Asset Management Ratios, Debt Management Ratios, Profitability Ratios, Market Value Ratios, Trend Analysis, The DuPont Equation, Ratios in Different Industries, Benchmarking, Uses and Limitations of Ratios, Potential Misuses of ROE, Trend Analysis, Common Size Analysis	
Week 7-8	Unit-V: Time Value of Money Time Lines, Future Values, Present Values, Annuities, Future Value of an Ordinary Annuity, Future Value of an Annuity Due, Present Value of an Ordinary Annuity, Finding Annuity Payments, Periods, and Interest Rates, Perpetuities, Uneven Cash Flows, Future Value of an Uneven Cash Flow Stream, solving for I with Uneven Cash Flows, Multiple Compounding Periods, Comparing Interest Rates, Fractional Time Periods, Amortized Loans, Using MS Excel to Solve Time Value Questions	
Week 9	Unit-VI: Interest Rates The Cost of Money, Interest Rate Levels, Determinants of Market Interest Rates, Real and Nominal Interest Rates, The Term Structure of Interest Rates, Yield Curve and its Usage for Estimating Future Interest Rates, Macroeconomic Factors that Influence Interest Rates Levels, Interest Rates and Business Decision	
Week 10-12	Unit-VII: Bonds and Their Valuation Who Issue Bonds, Key Characteristics of Bonds, Bond Valuation, Bonds Yields, Changes in Bonds Values over Time, Bonds with Semiannual Coupons, Assessing the Bond's Riskiness, Default Risk, Bond Markets	
Week 13	Unit-VIII: Stock and Their Valuation Legal Rights and Privileges of Stockholders, Types of Common Stocks, Stock Prices vs. Intrinsic Value, The Discounted Dividend Model, Valuing the Entire Corporation, Preferred Stocks	
Week 14-15	Unit-IX: Risk and Rates of Return Stand-Alone Risk, Risk in a Portfolio Context: CAPM, The Relationship between Risk and Rates of Return	
Week 16	Revision	

Textbooks and Reading Material

- Brigham, E.F., & Houston, J.F. (2021), Fundamentals of Financial Management (16th ed.), South-Western Cengage Learning.
- Zutter, C.J. & Smart, S. (2021), Principles of Managerial Finance (16th ed.), Pearson Higher Education.
- Van Horne, J.C. & Wachowicz Jr. J. (2009), Fundamentals of Financial Management (13th ed.), Pearson Higher Education.

Teaching Learning Strategies

This course makes use of interactive teaching and learning strategies which engage students to promote critical and reflective thinking, research and evaluation skills that will help them become better learners and enhance their skill set. Students will use personal and social capability to collaboratively work with others in learning activities, appreciate their own strengths and abilities and those of their peers, enabling them to develop a range of interpersonal skills such as communication, negotiation, teamwork, leadership and an appreciation of diverse perspectives.

Assignments: Types and Number with Calendar

Will be decided by the course instructor

Assessment

Sr. No.	Elements	Weightage	Details
1.	Midterm Assessment	35%	Written Assessment at the mid-point of the semester.
2.	Formative Assessment	25%	Continuous assessment includes: Classroom participation, assignments, presentations, viva voce, attitude and behavior, hands-on-activities, short tests, projects, practical, reflections, readings, quizzes etc.
3.	Final Assessment	40%	Written Examination at the end of the semester. It is mostly in the form of a test, but owing to the nature of the course the teacher may assess their students based on term paper, research proposal development, field work and report writing etc.