**Course Number:** ABNK201

**Course Name:** Business Finance I

**Instructors:** Asst. Prof. Dr. Adnan HUSHMAT

**Required Text:** Financial Management: Principles and Applications 13ed.

Titman, Keown, Martin

**Course Description:** Business Finance I is an introductory course, which assumes no previous knowledge of the subject. This course introduces the basic tools of financial management such as present value, future value, annuity, NPV, IRR, pay-back period and cost of capitl. The students will be able to analyze the financial problems faced by a business and suggest suitable tools to make effective financial decisions.

|  |  |
| --- | --- |
| **Topics Outline** | **Estimated Contact Hours** |
| 1. Principles of Finance    1. Importance of finance in your personal and professional lives    2. Identify the three primary business decisions that financial managers make    3. Key differences among the three major legal forms of business    4. The role of the financial manager and the five principles of finance | 6 |
| 1. Firms and the Financial Market    1. The structure and functions of financial markets.    2. Distinguish between commercial banks and other financial institutions in the financial marketplace.    3. Describe the different securities markets for bonds and stocks. | 6 |
| 1. The Time Value of Money—The Basics    1. Cash-flow timeline    2. Future Value    3. Present Value    4. Interest Rates | 9 |
| 1. The Time Value of Money—Annuities and Other Topics    1. Ordinary Annuity    2. Annuity Due    3. Perpetuity    4. Mixed Cashflow Steams | 6 |
| 1. Investment Decision Criteria    1. sources and types of profitable investment opportunities    2. NPV, PI    3. IRR    4. Payback Period    5. Discounted Payback Period    6. Current Business Practices | 6 |
| 1. The Cost of Capital    1. Overall cost of capital and the purpose for its calculation    2. Firm’s capital structure, and the relative importance (weight) of each source of financing.    3. After-tax cost of debt, preferred stock, and common equity    4. WACC    5. Multiple, risk-adjusted discount rates    6. NPV and Floating Cost    7. WACC    8. Multiple, risk-adjusted discount rates    9. NPV and Floating Cost | 9 |

**Recap**

**Identification of CPC Covered in this course Estimated Contact**

Accounting 8

Marketing 0

Finance 26

Management

Management Principles 2

Organizational Behavior 0

Human Resource Management 0

Operations Management 0

Economic/Social/Legal Environment

Legal Environment of Business 2

Economics 0

Business Ethics 2

Business Tools

Information Systems 0

Quantitative Methods/Statistics 0

International/Global Dimensions of Business 2

Integrative Experience 2

**Total (estimate of contact hours) 42**