



Course Syllabus
Spring 2023
<Dr. Yaqoub Ahmad Baqer Alabdullah>
FIN 327 – Intermediate Financial Management

Lecture Time and Location:

FIN 327/01A	:	Sun, Tue, & Thur	2:00 – 2:50 pm	Room # 1001D3
FIN 327/52	:	Sun, Tue, & Thur	3:00 – 3:50 pm	Room # 1001D3

Contact Information:

Location	:	Department of Finance & Financial Institutions – CBA – Shudadeya campus
Email	:	yaqoub.alabdullah2@ku.edu.kw
Phone #	:	You can call me on MS Teams
Office Hours	:	Half an hour before the 2:00pm class or by appointment
Website	:	www.ybaqer.com
MS Teams	:	Please join our team for all class materials.

Teaching Assistant: TBA

Course Description:

This course builds on the concepts covered in the Principles of Financial Management course. It examines the basis of financial decisions made by companies, emphasizing the following: theories of asset valuation; the cost of capital; risk analysis; real options; capital structure; dividend policies; working capital management; derivatives; multinational financial management; mergers and acquisitions.

This is not a “how to” course. This is a “why do” course. By way of analogy, think of the set of plans for a building. Both an architect and a draftsman can read the plans and even copy the plans with minor changes. But an architect can do more than a draftsman can do. When it is time to design a completely new building that responds creatively to the needs of the client and the context of the built and natural environment, you want an architect. I am here to train financial architects—not draftsmen. Please do not expect to learn a cookbook of formulas that you plug numbers into. (Now that we have macros in Excel, no one will pay a salary for that skill.) Expect to learn a few simple, but powerful, intuitions and be able to apply them creatively to a variety of new situations. Finance is such a rapidly changing area that you would be poorly served with a set of rote formulae—such knowledge would be rapidly obsolete.

Course Learning Outcomes:

The learning outcomes for this course, listed below, relate to the learning goals of the College of Business Administration Undergraduate Program.

Upon successful completion of the course, students will:

CLO1. Be able to analyze and solve financial problems.



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- CLO2. Be able to use capital budgeting methods (i.e. NPV, IRR, MIRR, PBP, etc.) to solve financial problems.
- CLO3. Be able to analyze project risk.
- CLO4. Understand real options and what they mean to the firm.
- CLO5. Understand a firm's optimal capital structure and dividend policy and how they affect firm value.
- CLO6. Have a basic understanding of multinational financial management.
- CLO7. Have a basic understanding of mergers and acquisitions.
- CLO8. Have a basic understanding of derivatives and their pricing.
- CLO9. Deliver an assessment of an existing firm using one or more the methods covered in class.

CLO Mapping to CBA Skill Based Competency Goals

CLO	Competency Goal			
	Analytical	Communication	Technology	Business Knowledge
1	A			A
2	R			
3	R			
4				I
5				A
6				I
7				I
8				I
9		I	A	A

Type of Emphases:

- (I)ntroduce: Students will be introduced to the skill and their grasp of it assessed in the course.
- (A)pply: The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.
- (R)einforce: Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

Required Material:

Textbook : Brigham, Eugene F., and Joel F. Houston. *Fundamentals of Financial Management*. 12th, 13th, 14th, or 15th ed. Mason: South-Western

Additional Material :

- Brigham, Eugene F., and Joel F. Houston. *Fundamentals of Financial Management: Study Guide*. N.p.: Mason, Ohio, 2012. Print.
- Other material, including course PPT Slides are available on MS Teams.
- Financial Calculator



Course Requirements and Policies:

Expectations: I expect every student to read the chapter before and after the class. I do not expect you to depend on PowerPoint slides for your studying. I expect you to attend each class and participate in discussions. I expect you to do your assignments on time and attend the tutorials.

Quizzes: I will give some quizzes throughout the semester, so you should always be prepared. We will use Moodle for the quizzes.

Exams: There will be two midterm exams and a final. The dates of the exams are as follows (subject to change):

Date	Event	Notes
Wed 22-Mar-2023	Exam 1 (Ch 12, 13 & 14)	KU Break 12:30pm - 2:00pm
Wed 26-Apr-2023	Exam 2 (Ch15, 16 & 18)	KU Break 12:30pm - 2:00pm
Wed 10-May-2023	Final (comprehensive)	in a place TBA 8:00-10:00 am

Attendance: I will not take attendance each class. However, your attendance is highly encouraged since I will give quizzes in some classes and I might cover something that is not covered in your textbook. Each student must abide by KU's bylaws and the student guide. A copy of the student guide can be accessed online on:

http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf

Cheating and Plagiarism: Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on:

http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf

Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes "unauthorized assistance" please email me before the deliverable is submitted.

Grading:

The scores in this course will be the weighted average of the following items:

Weight	Description
50%	Two Midterm exams
40%	Final Exam
10%	Bonuses and participation
10%	Quizzes
110%	TOTAL

The above is subject to change. I will give you more information later.



Grade Distribution:

Grade	Range
A	≥ 95
A-	≥ 90 and < 95
B+	≥ 87 and < 90
B	≥ 83 and < 87
B-	≥ 80 and < 83
C+	≥ 77 and < 80
C	≥ 73 and < 77
C-	≥ 70 and < 73
D+	≥ 65 and < 70
D	≥ 60 and < 65
F	< 60

Course Outline:

Title	Topics
Cash Flow Estimation and Risk Analysis (CFA TOPIC)	Identification of Relevant Cash Flows in Capital Budgeting Analysis • Cash Flow Estimation • Calculation of Capital Budgeting Metrics • Measuring Risk and Adjusting WACC • Mutually Exclusive Projects • Unequal Lives Projects
Real Options and Other Topics in Capital Budgeting (CFA TOPIC)	What are Real Options? • Analysis and Influence of Real Options • NPV and Size of a Firm's Capital Budget • Optimal Capital Budget • Post-Audit
Capital Structure and Leverage (CFA TOPIC)	Determining the Target Capital Structure • Business Risk vs. Financial Risk • How Debt Affects Expected Return and Risk • Determining the Optimal Capital Structure • Capital Structure Theory
Distributions to Shareholders: Dividends and Share Repurchases (CFA TOPIC)	Dividends vs. Capital Gains • Trade-Offs in the Establishment of Optimal Dividend Policies • Stock Splits vs. Stock Dividends • Stock Repurchases and their Effects • Pros and Cons of Stock Repurchases
Working Capital Management (CFA TOPIC)	Effect of Current Assets and Current Liabilities on Profitability • Cash Conversion Cycle • Construction of the Cash Budget • Working Capital Management • Credit Policies • Financing Working Capital
Derivatives and Risk Management (CFA TOPIC)	Why Manage Risk? • Introduction to Derivatives • Types of Derivatives • How Derivatives are Used to Manage Risk • Black-Scholes Option Pricing Model • Risk Management Processes
Multinational Financial Management	Why Companies go "Global"? • Exchange Rates • Interest Rate Parity • Purchasing Power Parity • Pros and Cons of Investing Overseas • Challenges Facing Multinational Corporations
Mergers and Acquisitions (CFA TOPIC)	Rationale for Mergers • Types of Mergers • Merger Valuation • Merger Analysis • Do Mergers Create Value?



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This is the course schedule. It is subject to change

Course Schedule

Sun	05-Feb-23	Introduction + Chapters 12: Cash flow estimation and risk analysis
Tue	07-Feb-23	Chapters 12: Cash flow estimation and risk analysis
Thu	09-Feb-23	Chapters 12: Cash flow estimation and risk analysis
Sun	12-Feb-23	Chapters 12: Cash flow estimation and risk analysis
Tue	14-Feb-23	Chapters 12: Cash flow estimation and risk analysis
Thu	16-Feb-23	Chapters 12: Cash flow estimation and risk analysis
Sun	19-Feb-23	Holiday (Esraa and Mearaj)
Tue	21-Feb-23	Chapters 12: Cash flow estimation and risk analysis
Thu	23-Feb-23	Chapters 12: Cash flow estimation and risk analysis
Sun	26-Feb-23	Holiday (National and Liberation days)
Tue	28-Feb-23	Chapters 13: Real options and other topics in capital budgeting
Thu	02-Mar-23	Chapters 13: Real options and other topics in capital budgeting
Sun	05-Mar-23	Chapters 13: Real options and other topics in capital budgeting
Tue	07-Mar-23	Chapters 13: Real options and other topics in capital budgeting
Thu	09-Mar-23	Chapters 13: Real options and other topics in capital budgeting
Sun	12-Mar-23	Chapter 14: Capital structure and leverage
Tue	14-Mar-23	Chapter 14: Capital structure and leverage
Thu	16-Mar-23	Chapter 14: Capital structure and leverage
Sun	19-Mar-23	Chapter 14: Capital structure and leverage
Tue	21-Mar-23	Chapter 15: Distributions to shareholders: dividends and share repurchases
Wed	22-Mar-23	Exam 1 (KU Break 12:30pm - 2:00pm)
Thu	23-Mar-23	Chapter 15: Distributions to shareholders: dividends and share repurchases
Sun	26-Mar-23	Chapter 15: Distributions to shareholders: dividends and share repurchases
Tue	28-Mar-23	Chapter 15: Distributions to shareholders: dividends and share repurchases
Thu	30-Mar-23	Chapter 16: Working capital management
Sun	02-Apr-23	Chapter 16: Working capital management
Tue	04-Apr-23	Chapter 16: Working capital management
Thu	06-Apr-23	Chapter 18: Derivatives and risk management
Sun	09-Apr-23	Chapter 18: Derivatives and risk management
Tue	11-Apr-23	Chapter 18: Derivatives and risk management
Thu	13-Apr-23	Chapter 18: Derivatives and risk management
Sun	16-Apr-23	Chapter 18: Derivatives and risk management
Tue	18-Apr-23	Chapter 18: Derivatives and risk management
Thu	20-Apr-23	Chapter 18: Derivatives and risk management
Sun	23-Apr-23	Holiday (Eid)
Tue	25-Apr-23	Chapter 19: Multinational financial management
Wed	26-Apr-23	Exam 2 (KU Break 12:30pm - 2:00pm)
Thu	27-Apr-23	Chapter 19: Multinational financial management
Sun	30-Apr-23	Chapter 19: Multinational financial management
Tue	02-May-23	Chapter 21: Mergers and Acquisitions
Thu	04-May-23	Chapter 21: Mergers and Acquisitions
Wed	10-May-23	Final Exam (8:00am - 10:00am) Place TBA