



### CLO Mapping to CBA Skill Based Competency Goal

CLO	Competency Goal			
	Analytical	Communication	Technology	Business Knowledge
1	A			A
2	R			
3	R			
4				I
5				A
6	A	A		I
7	A			I
8	A			I
9	R	A	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** : Damodaran, A. *Applied Corporate Finance*. 4th ed. Wiley, 2014.

#### Additional Material :

- Other material, including course PPT Slides are available on MS Teams.
- Articles from *Journal of Applied Corporate Finance*, *Journal of Corporate Finance*, and the *Review of Corporate Finance Studies*.

**Financial Calculator:** You will need a financial calculator for this class. I highly recommend that you use the CASIO FC-200V or and CASIO FC-100V. Tutorials and help will be based on the CASIO FC-200V calculator. If you choose any other financial calculator, that is fine, but I will not be able to provide technical assistance. You may not use a smart-phone calculator app. Procedures for calculator will be demonstrated in class and are shown in the textbook. Understanding the basic financial functions of your calculator is necessary for success in this course.

#### Course Policies:

**Participation:** Participation is an important component of this course. Reading the assigned material and coming prepared to class will enable you to effectively contribute to the discussions.



**Kuwait University**  
**College of Business Administration**  
**Department of Finance & Financial Institutions**



**Assignments:** There will be multiple case studies and assignments throughout the semester where you will learn to apply what we have learned in-class, and they are designed to help you understand the material and tie the concepts and expose you to real-world problems and situations.

**Project:** You will work in groups of 3-4 students. Each student will pick a listed publicly traded company from the GCC region. Each group should concentrate on the same theme (similar industry). Students will apply the principles of corporate finance to these companies. Students will perform corporate governance analysis, stockholder analysis, risk and return, measuring investment returns, capital structure choices, optimal capital structure, dividend policy, and valuation on each company.

**Exams:** There is one midterm exam and one final exam. The exam dates are tentative and the instructor retains the right to change and set different dates.

**Attendance:** Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section 13). A copy of the student guide can be accessed online on:

[http://www.kuniv.edu/cs/groups/ku/documents/ku\\_content/kuw055940.pdf](http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf)

I highly encourage you to attend every class, and you are responsible for any announcement made in class.

**Cheating and Plagiarism:** I have a zero tolerance policy towards cheating, plagiarism, and academic misconduct. Any student found cheating in this course will receive an F and will be reported to the office of the dean. 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](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.

**Writing Style:** Students must refer to APA writing style for their assignments and report writing. Refer to the English Language Center for help.

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

Weight	Description
10%	In-class Discussion, Contribution, and Participation
30%	Case Studies and Assignments
20%	Midterm Exam
40%	Final Exam
100%	TOTAL

These are the only factors that will be used to determine your course grade. Other factors such as your major, graduation plans, graduate school plans, participation in extracurricular activities including sports, family events, employment or your financial situation cannot and will not be considered in determining your course grade. You will be graded on a scale of a 100. However, I may



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**College of Business Administration**  
**Department of Finance & Financial Institutions**



decide to allocate up to 5 bonus points spread across the various exams, assignments, and extra-curricular activities.

**Tentative Course Schedule:**

<b>Week</b>	<b>Topic &amp; Chapter</b>
17- Sep	Ch. 1: The foundations & Ch. 2: The objective in decision making
24 – Sep	Ch. 3: The basics of risk
1 – Oct	Ch. 4: Risk measurement and hurdle rates in practice
8 – Oct	Ch. 4: Risk measurement and hurdle rates in practice (continued)
15 – Oct	Ch. 5: Measuring return on investments
22 – Oct	Ch. 6: Project interactions, side costs and side benefits
29 – Oct	Ch. 7: Capital structure: overview of the financial decision
5- Nov	<b>Midterm Exam (In-class)</b>
12 – Nov	Ch. 8: Capital structure: The optimal financial mix
19 – Nov	Ch. 9: Capital structure: the financing details
26 – Nov	Ch. 10: Dividend policy
3- Dec	Ch. 11: Analyzing cash returned to stockholders
10 – Dec	Ch. 12: Valuation: principles and practice
17 – Dec	Ch. 12: Valuation: principles and practice (continued)
24 – Dec	<b>Final Exam</b>



**Kuwait University**  
**College of Business Administration**  
**Department of Finance & Financial Institutions**



Title	Topics
The foundations	What is corporate finance?
The objective in decision making	Explain why we need a singular objective, why we pick maximizing stock prices & what can go wrong. Look at alternative corporate governance mechanisms and why stock price maximization may still be the best one.
The basics of risk	Define risk at its core, examine how conventional models measure risk & define the marginal investor.
Risk measurement & Hurdle rates	Go through processes for estimating risk free rates not only in safe currencies but also in risky ones. Define what an equity risk premium is and evaluate standard approaches for estimating that premium. Present an alternate approach to estimating equity risk premium for a mature market and builds on it to get country and company equity risk premiums. Describe the regression approach to estimating beta and what the rest of the regression output tells us about a company. Connect betas to fundamental choices that a company makes about what business to be in, how to run that business & how much to borrow. Develop an alternate approach for estimating betas that is more robust & intuitive. Continue with the alternate approach and extend it to private businesses. Define what goes into debt and what it costs to borrow. Determine the weights to use to estimate a cost of capital & explain how and why it differs from cost of equity.
Measuring return on investments	Contrast earnings with cash flows and explain how to estimate the accounting returns on a project (company). Go from earnings to cash flows to incremental time-weighted cash flow based measures of return.
Project interactions, side costs and side benefits	Look at the effect of currency choices on investment analysis and examine how best to deal with uncertainty in your analysis.
Capital structure: overview of the financing decision	Look at the pluses and minuses of using debt, as opposed to equity.
Capital structure: the optimal financial mix	Explain the basics of the cost of capital approach to deriving the optimal debt ratio for a company.



**Kuwait University**  
**College of Business Administration**  
**Department of Finance & Financial Institutions**



	<p>Evaluate why moving to the optimal debt ratio benefits stockholders in a company &amp; deal with concerns. Extend the cost of capital approach to commodity and private companies and examine the determinants of optimal debt ratios. Look at the Adjusted Present value approach as well as sector averages as guides to optimal debt ratios.</p>
<p>Capital structure: the financing details</p>	<p>Examine whether and how quickly a firm that has too much or too little debt should move to its right mix. Determine the right kind of financing for a company and evaluate existing debt to see if it measures up.</p>
<p>Dividend policy</p>	<p>Describe historical patterns/trends in dividend policy and look at measures of dividends paid. Look at the reasons (good and bad) why companies initiate and change dividends. Evaluate how much companies can afford to return to stockholders and compare to cash returned.</p>
<p>Analyzing cash returned to stockholders</p>	<p>Use the dividend assessment to make judgments on whether companies should return more or less cash to stockholders. Examine how companies end up with dysfunctional dividend policies and how they can change those policies.</p>
<p>Valuation: principles &amp; practice</p>	<p>Lay out the different ways in which you can approach valuation and define the key drivers of value. Look at the estimation processes and challenges associated with cash flows and discount rates in valuation. Evaluate the different ways in which you can estimate growth and why it has to be tied to fundamental actions by the firm. Put in place key constraints on the inputs used to get the terminal value. Examine how to get from the present value of cash flows to the value of equity per share. Define control as the difference between two values, status quo and optimal, and examine implications. Estimate the price of an asset or stock based on how similar assets or stocks are trading at.</p>



## Appendix

### **CBA MBA Competency Goals**

#### **PLG1: Decision-Making**

Objectives:

- Apply advanced quantitative and qualitative methods to solve business problems.
- Recognize the implications of business decisions, evaluate different proposals based on available facts, and make well-supported business decisions.

#### **PLG2: Leadership**

Objectives:

- Analyze different leadership styles and assess the effectiveness of other leaders.
- Demonstrate knowledge of relevant leadership situational factors.

#### **PLG3: Ethical Reasoning**

Objectives:

- Evaluate business decisions within an ethical framework.

#### **PLG4: Oral Communication**

Objectives:

- Deliver clear, concise, and persuasive presentations.

#### **PLG5: Written Communication**

Objectives:

- Write clear, concise, and persuasive business documents.