



FAKULTI PENGURUSAN DAN INDUSTRI HALAL

PROGRAM	Diploma in Technology Management
COURSE NAME	INTRODUCTION TO FINANCE
COURSE CODE	DDWG 2533
CREDIT HOUR	3
SYNOPSIS	This subject consists of introduction to financial environment such as firms, investors and markets and the fundamental concepts of finance including interest rates, understanding financial statements, cash flows and its analysis, the time value of money, the meaning and measurement of risk and return. Those fundamentals will be applied in the second part of the course the valuation of securities for bonds and stocks, determining cost of capital, and capital budgeting: concepts, techniques, calculation of initial cash flow, operating cash flow and terminal cash flow.
COURSE STRUCTURE	
CHAPTER	TOPICS
1	AN INTRODUCTION TO FINANCE Definition, goal of the firm, agency problem, basic principles of finance
2	THE FINANCIAL INSTITUTION AND MARKET Key components and classification, role of financial intermediaries and investment banks
3	INTERST RATE FUNDAMENTALS Interest rate determinations, real and nominal rates, risk premiums, term structure of interest rates
4	EVALUATING FIRM”S FINANCIAL PERFORMANCE Purpose of financial analysis, key financial ratios, limitations
5	THE TIME VALUE OF MONEY Future value and present value, annuities, non – annual periods, applications
6	THE RISKS AND RETURNS The risk-return trade off, stand-alone risk, risk and diversification, CAPM



7	THE VALUATION AND CHARACTERISTICS OF BONDS Types and characteristics of bonds, valuations, semi-annual and YTM, premium bonds, discount bonds
8	THE VALUATION AND CHARACTERISTICS OF STOCKS Basic characteristics of preferred stock and common stock, valuations, dividend growth model – zero, constant and variables growth, the expected rate of return
9	THE COST OF CAPITAL Key definition and concepts, determining WACC, making investment decisions
10	CAPITAL BUDGETING: TECHNIQUES AND PRACTICE Definition and decision criteria, payback period, NPV, PI, IRR, NPV-IRR relationship, capital rationing and ranking mutually exclusive projects
11	CAPITAL BUDGETING: CASH FLOWS PRINCIPLES Guidelines for measuring cash flows, calculation of free cash flows, initial outlay, operating cash flows, terminal cash flows, NPV
References:	1. Keown, Martin, Petty, (2017), Foundation of Finance, United States: Pearson 9 th Edition.