

Prepared by Dr. Omar Al-kasasbeh

FNT 615
Finance Concepts

Lecture 0



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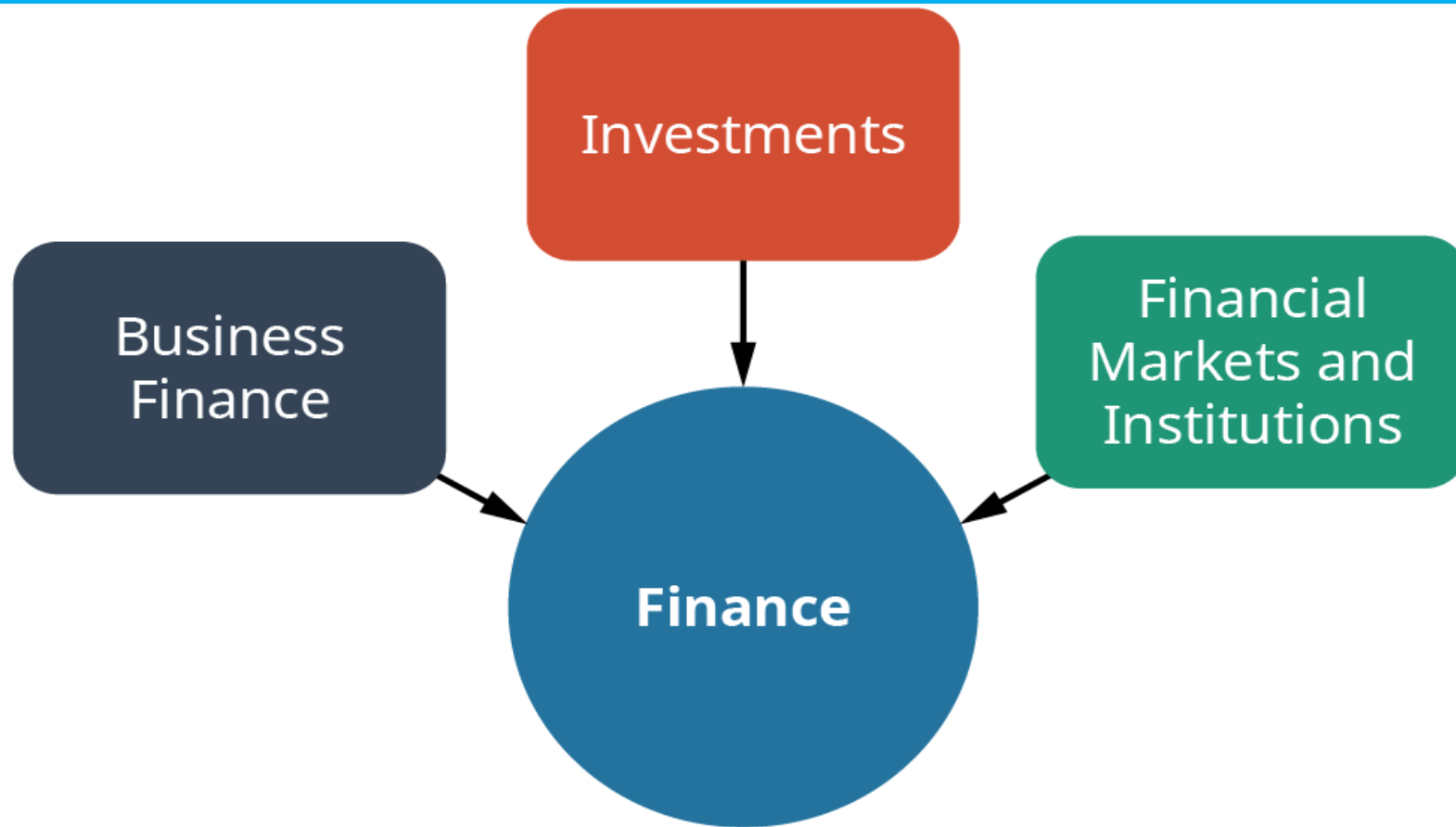
1

Introduction to Finance

1. Understand the importance of Finance in an Organization.
2. Gain insights into the various Concepts of Time and Value.

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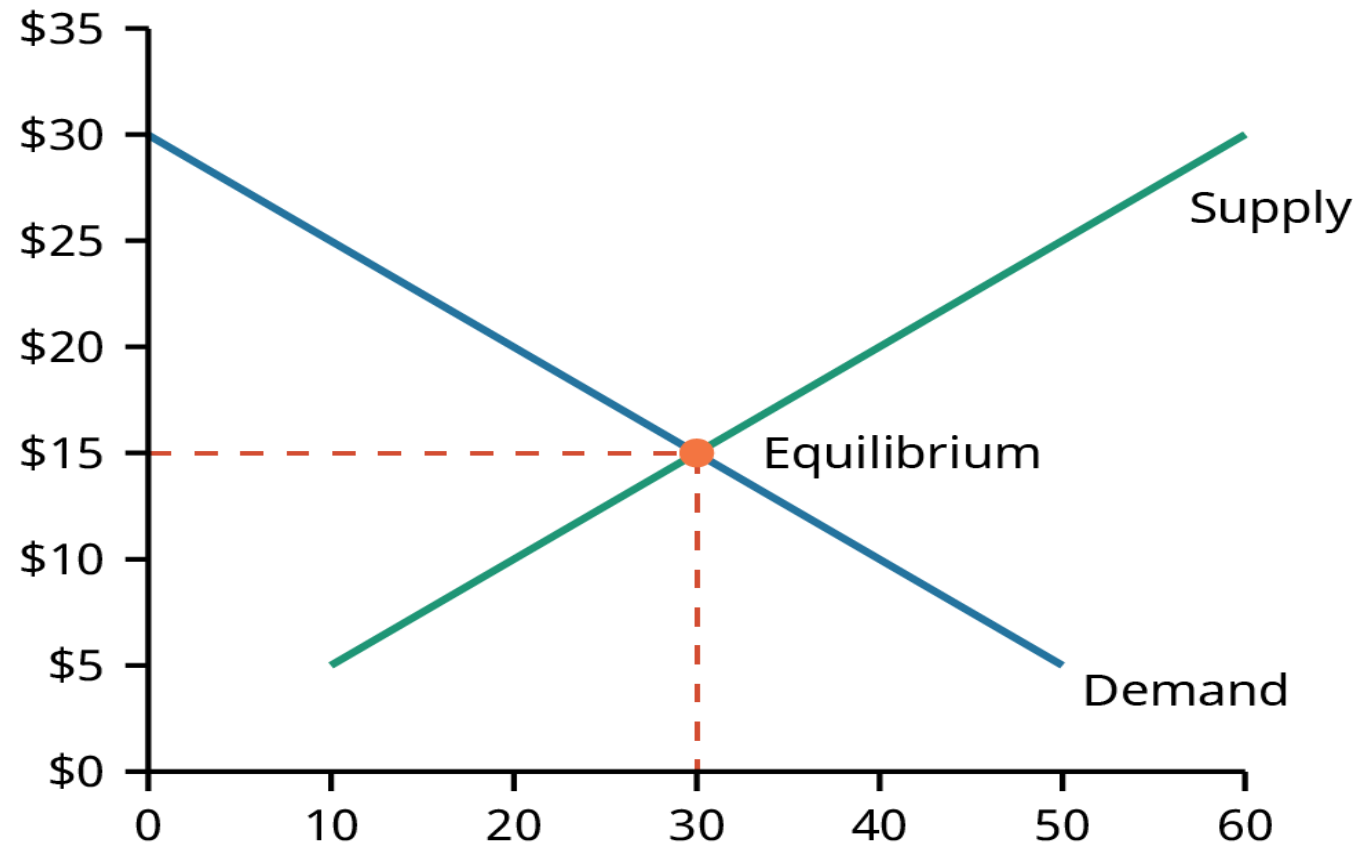
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Economic Foundations: Money and Rates

1. Understand the principles of Microeconomics and Macroeconomics.
2. Explain mechanisms of Business Cycles and Economic Activity.
3. Study foreign exchange rate systems.
4. Identify reliable and official sources and characteristics of economic data.

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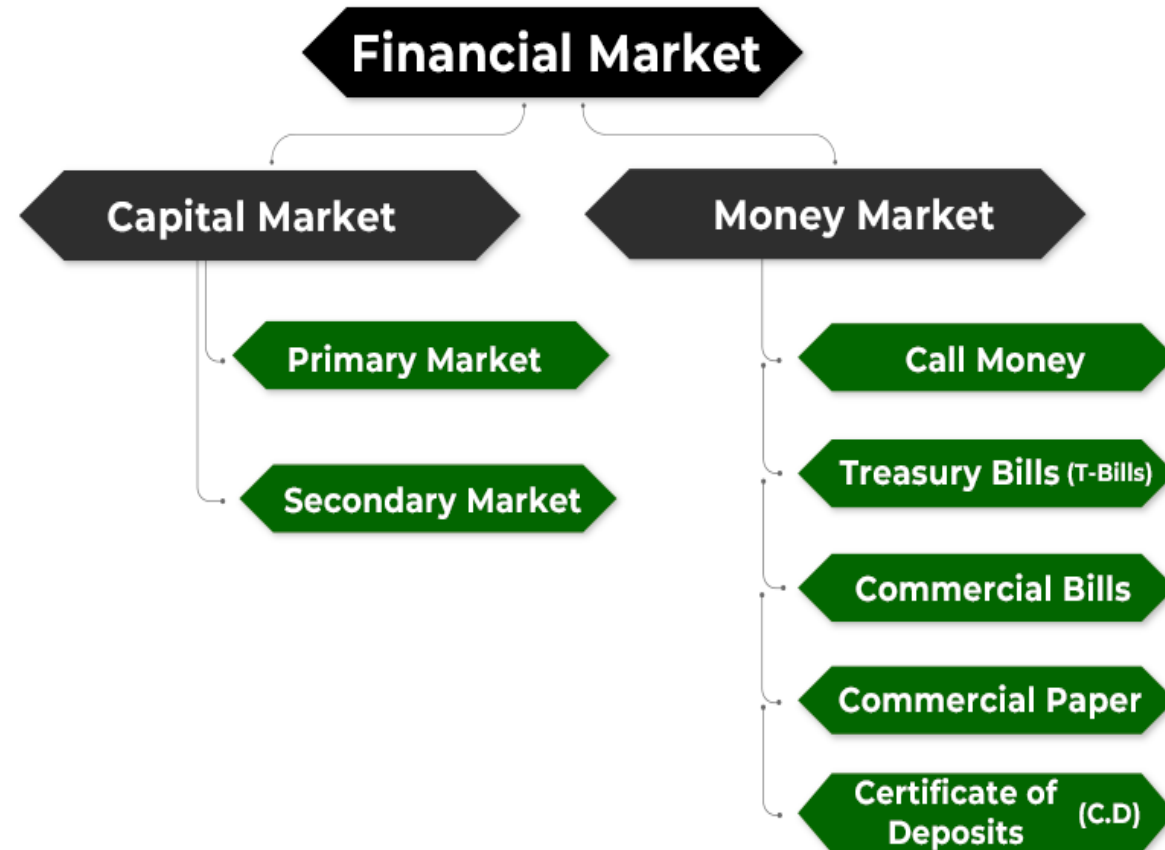


Financial Markets

1. Explain the structure and main functions of financial markets.
2. Differentiate between the major types of financial markets and instruments.
3. Analyze the role of financial markets in facilitating capital formation and economic growth.

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3



Financial Statements

1. Understand the structure and purpose of the Income Statement.
2. Explain the components and significance of the Balance Sheet.
3. Analyze the Statement of Cash Flows and its importance in assessing liquidity.

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4



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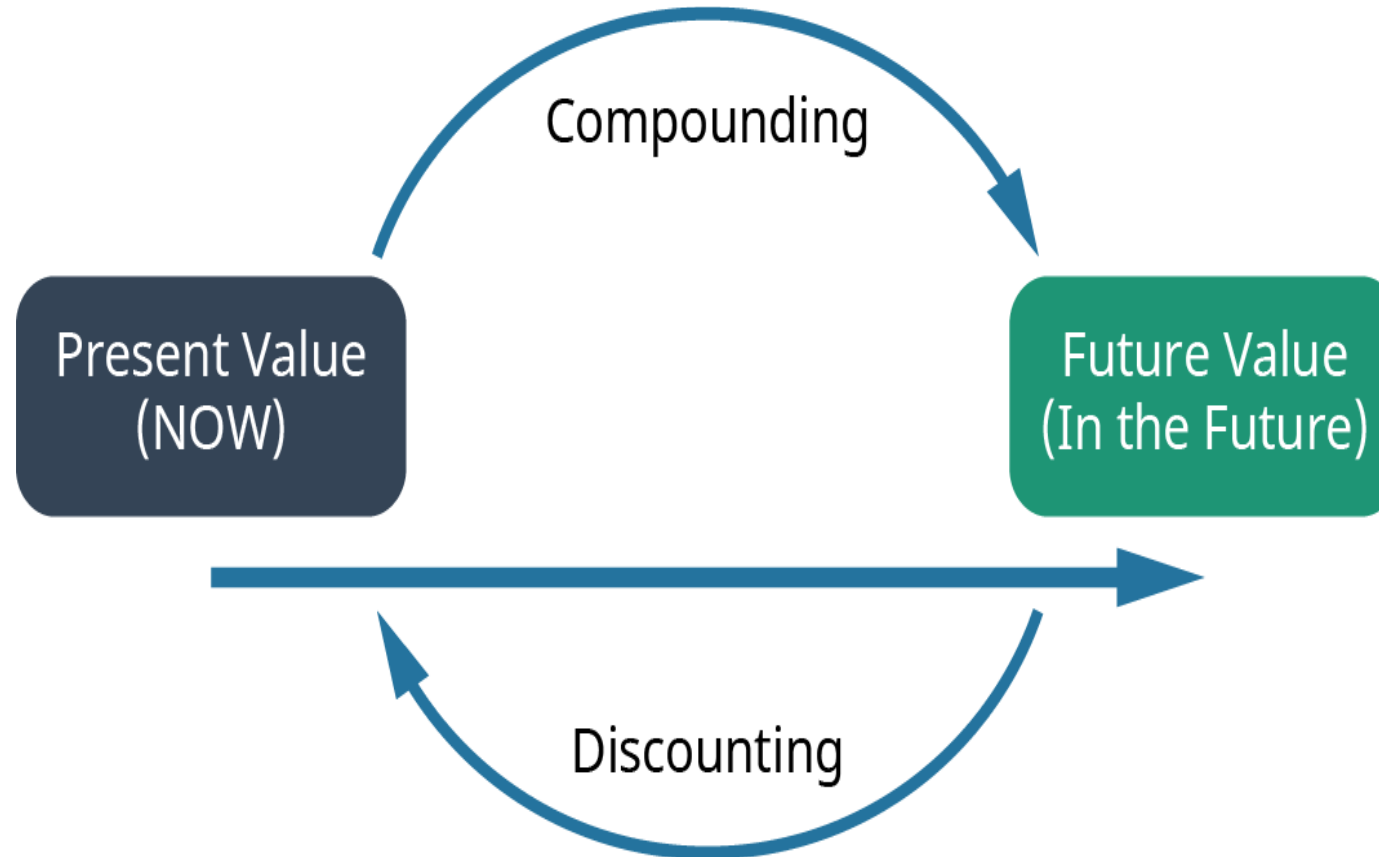
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Time Value of Money

1. Understand the basic principles of the Time Value of Money (TVM).
2. Apply methods to solve Time Value of Money problems.
3. Explain applications of Time Value of Money in finance.

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5



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6

The Meaning and Measurement of Risk and Return

1. Compare the historical relationship between risk and rates of return in capital markets.
2. Explain the relationship between an investor's required rate of return and the riskiness of an investment.

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6



Bonds and Stocks

1. Understand characteristics of bonds and the principles of bond valuation.
2. Use the yield curve to analyze interest rates and investment decisions.
3. Apply multiple approaches to stock valuation.

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7

1

Identify the amounts and timing of future cash flows.

2

Determine the discount rate.

3

Find the present values of the lump sum principal and the annuity stream of coupons.

4

Add the present value of the lump sum principal and the present value of coupons.

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8

The cost of capital

1. Understand the concepts underlying the firm's cost of capital.
2. Evaluate the costs of the individual sources of capital.

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8

Types of Cost of Capital





Thank You