

Financial Management

Syllabus

Course code:12514

Credits:4

Teaching hours:64

Coordinator: Yushan Cao

This Syllabus is constituted basing on the training plan for international school undergraduate at JUFE in 2014.

Course Description

The purpose of the course is to enable students to understand the financial decision-making process and to interpret the impact the financial decisions will have on value creation. The course therefore introduces the three major decision-making areas in financial management: the investment, financing, and asset management decisions. Specific topics include: goals of financial manager, financial ethics, financial statement analysis, financial planning, time value of money, security valuation, project analysis, capital markets, capital structure, dividend policy, working capital management, short-term financing, inventory management and credit policy.

Aims and Objectives

On completion of this course students should be able to:

1. Understand how financial management can add value to an organization;
2. Apply tools of financial analysis and planning;
3. Make various decisions about investment, financing and asset management;
4. Understand the operation of capital markets.

This course is not only about making students adopt a certain set of theoretic knowledge, but also about how to apply what you have learned in practices.

Prerequisites

Students taking this course should achieve a pass on the course of Intermediate Financial Accounting and have good math skill.

Textbook

Corporate Financing, authored by Stephen A. Ross , Randolph W. Westerfield, Jeffrey F.Jaffe, published by the press of Renmin University of China

Suggested Readings (if you have)

1. James C. and John M.著 **Fundamentals of Financial Management** 11th edition, 清华大学出版社
2. 艾伦·C·夏皮罗 著 **Foundations of Multinational Financial Management** 中信出版社

Teaching Methodology

Several teaching methods will be employed in the course, including lectures, class discussions, problem solving demonstrations, as well as presentation and discussion of material drawn from the financial press. Students are expected to take an active role in class discussion and problem solving sessions.

Assessments

The assessment will be on the following basis:

Final Examination	70%
Two tests	10%
Homework assignments and class participation	15%
Total	100%

To achieve a pass grade in this course, students must obtain 60% or more as an aggregate mark on the assessment.

Information about Assessment:

1. Homework assignments and class participation (15%): Work out solutions to the set homework questions in advance. Deliver your answers to your instructor on due. The content for the homework assignments will be limited to the exercises attached to each chapter. Class participation includes topic discussion and presentation.
2. Two tests (15%): One test will be held after the finish of learning of chapter 1- 6 and the other one will be held after the finish of learning of chapter 7-14. Each test will take 2 class-hours and the time and location are subject to final confirmation.
3. Final examination (70%): The final examination will include multiple choice, True or False, computation, and Comprehensive problem-solving.

How to find your teacher

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Course outline

1. Introduction to financial management
- 1.1 corporate form
- 1.2 goal of financial management
- 1.3 agency problem and financial markets

2. Introducing balance sheet, income statement and cash flow statement, net working capital, financial cash flow
3. Financial statement analysis focusing on ratio analysis and Du Pont Approach, long-term financial planning
4. Time value of money
 - 4.1 PV and FV of one-period and multi-period cash
 - 4.2 firm value
5. Debt and Equity securities
 - 5.1 Bond types, bond valuation, bond ratings, bond markets, bond interest rate and yield
 - 5.2 Stock valuation, dividend-discount model, dividend growth and NPVGO Model, common stock and preferred stocks, stock markets
6. Investment-decision rules
 - 6.1 payback period method
 - 6.2 internal rate of return
 - 6.3 profitability index and practice of capital budgeting
 - 6.4 Incremental cash flows
 - 6.5 capital budgeting
 - 6.6 alternative definitions of operating cash flow
 - 6.7 equivalent annual cost method
7. Portfolio investment
 - 7.1 return and risk of portfolios
 - 7.2 efficient set
 - 7.3 systematic and unsystematic risk
 - 7.4 market equilibrium
 - 7.5 CAPM
8. Capital structure
 - 8.1 pie theory
 - 8.2 financial leverage and firm value
 - 8.3 MM theory: proposition II with and without taxes
 - 8.4 Cost of financial distress
 - 8.5 MM theory with integration of tax effects and financial distress costs
9. Dividend types
 - 9.1 irrelevance of dividend policy
 - 9.2 repurchase of stock
 - 9.3 personal taxes
 - 9.4 issuance costs and dividends