

Financial Management Spring 2014 Syllabus

Instructor: LU CHING-CHIH

Title: Associate Professor

No. of Credits: 3.0

Type of Credit: Elective

Prerequisites: Economics, Fundamental Accounting I, II

Course objectives:

This is the first course in finance for college students. It will introduce you to the basic tools and concepts necessary to understand the financial aspects of business operation. The prerequisite courses include Accounting and Economics.

Course Description:

We cover the following aspects of corporate finance:

1. Overview of Corporate Finance
2. Financial Statements and Long-Term Financial Planning
3. Valuation of Future Cash Flows
4. Capital Budgeting
5. Risk and Return
6. Cost of Capital and Long-Term Financial Policy

Class Schedule:

Week 01 Introduction; Chap 1 Introduction

Week 02 Chap 2 Financial Statements, Taxes, and Cash Flow

Week 03 HW 1; Chap 3 Working with Financial Statements

Week 04 HW 2; Chap 4 The Time Value of Money, Chap 5 Discounted Cash Flow Valuation

Week 05 Chap 5 Discounted Cash Flow Valuation

Week 06 Midterm 1

Week 07 Chap 6 Interest Rates and Bond Valuation

Week 08 HW 3, Chap 7 Stock Valuation

Week 09 Chap 8 Net Present Value

Week 10 HW 4; Chap 9 Making Capital Investment Decisions

Week 11 Chap 10 Some Lessons from Capital Market History

Week 12 Midterm 2

Week 13 Chap 11 Return, Risk, and the Security Market Line

Week 14 HW 5; Chap 12 Cost of Capital

Week 15 Chap 13 Financial Leverage and Capital Structure Policy

Week 16 HW 6; Chap 14 Dividends and Dividend Policy

Week 17 Chap 15 Raising Capital

Week 18 Final Exam

Teaching approach:

Lectures

Teaching assistant tasks

Grading homework and exams.

Course requirements/Grading standards

We will have 6 problem sets, 2 midterm exams (3 hours each) and a final exam (3 hours). There will be no make-up exam.

The grading breakdown:

Class participation: 5%

Homework: 15%

Midterm 1&2: 25% each

Final: 30%

Textbook & references:

Textbook:

Jordan, Westerfield, Ross (2011) Corporate Finance Essentials, 7th Edition.

It is also essential to own a financial calculator. TI BA II Plus is recommended.