

NATIONAL CHENGCHI UNIVERSITY
COLLEGE OF COMMERCE
Department of Finance

Financial Management
Fall 2013

Instructors

Instructor: Prof. Konan Chan 潘可南
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Office Hour: Tuesday, 12 – 1 pm

Course Descriptions

The purpose of this course is to develop a solid understanding of modern corporate finance and its application to corporations. The concepts and methods introduced here are heavily used in practice. These materials are very helpful not only to modern corporations but also to your personal investing.

Prerequisite

Students have to take the basic Accounting and Economics before taking this course.

Required Materials

1. “*Fundamentals of Corporate Finance*,” by Ross, Westerfield, Jordan (9th edition, 2010)
2. A financial calculator (Texas Instruments BA II Plus or Hewlett Packard 12C)
3. Lecture notes

Students need to purchase the textbook and one financial calculator. Students are required to download the lecture notes before classes and bring these notes, along with the financial calculator, while attending classes.

Course Objectives

1. Build up a solid foundation for students to learn advanced finance courses.
2. Develop financial management techniques for career opportunities in finance.

Assessment

The weights of the various components in determining the final grade will be:

| | |
|---------------------|------------|
| Assignments | 16% |
| Quizzes (bonus) | 5% |
| Mid-term Exam | 30% |
| Final Exam | 40% |
| <u>Term Project</u> | <u>14%</u> |
| Total | 100% |

Assignments

There are four assignments in this course. **Students must type all assignments and turn in on time.** Late or hand-written assignments are not allowed. Students can submit the assignment individually or by a group (maximum 3 students). **Whoever cheating in assignments (i.e., copy other students or let other students copy) will get zero point.**

Quizzes

There are a few quizzes which will be conducted in either classes or in tutorials. The quizzes are optional and will be counted as bonus points for the final grade. The intention of quizzes is to keep students with the pace of the course and be familiar with the questions in exams.

Exams

Both mid-term and final exams are closed book exams. Students will need their financial calculators for both exams. Students are responsible for all materials covered in the class, including assignments and textbook problems. No make-up exam will be given except for medical or other emergency reasons supported by proper documentation.

Term project

Students should form a group (maximum 4 students) to do their term project. Students are free to choose the topic of their term project as long as it is related to corporate finance. Students are encouraged to discuss their term project topic with the instructor as early as possible. The deadline to submit the term project topic is **Nov. 26**. The details will be announced later in class. **The report for term project is due on Jan 21.**

Course schedule

| Week | Date | Chapters | Topic |
|------|--------------|----------|---|
| 1 | 09/17 | 1 - 3 | Introduction, Cash flows, Du Pont analysis |
| 2 | 09/24 | 5 | Time value of money |
| 3 | 10/01 | 6 | Discounted cash flow valuation |
| 4 | 10/08 | 7 | Bond valuation |
| 5 | 10/15 | 7 | Bond valuation, assignment 1 due |
| 6 | 10/22 | 8 | Stock valuation |
| 7 | 10/29 | 13 | Risk and return, assignment 2 due |
| 8 | 11/05 | 9 | NPV & other investment Criteria |
| 9 | 11/12 | | Mid-term exam |
| 10 | 11/19 | 10 | Making investment decisions |
| 11 | 11/26 | 11 | Project Analysis, term paper topic due |
| 12 | 12/03 | 14 | Cost of capital, assignment 3 due |
| 13 | 12/10 | 15 | Raising capital |
| 14 | 12/17 | 16 | Capital structure policy |
| 15 | 12/24 | 16 | Capital structure policy, assignment 4 due |
| 16 | 12/31 | 17 | Dividend policy |
| 17 | 01/07 | | Review |
| 18 | 01/14 | | Final exam |

The above course schedule is extremely tentative, and subject to change.