

# Financial Management

## Course Syllabus

Class meets 9:00 am - 12:00 noon, Tuesdays

Instructor: Robin K. Chou

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Office hours: 1:00 pm to 3:00 pm, Tuesdays

### Prerequisites:

Accounting

Economics

Statistics

### Course Objectives:

This class covers the basics of finance. Broad topics include financial markets, financial managers' goals and decisions, time value of money, risk-return relationship, asset valuation, capital structure, project evaluation, and financial forecasting. This course will help you understand the finance world better. Those interested in finance will be able to direct their interests towards more specialized finance classes. Others will be able to handle the financial issues they face in everyday life in a more educated way.

By the end of the semester, you will learn how to apply basic mathematical and statistical knowledge to finance problems. Since finance is an inevitable part of our lives, it is important to keep up with what's going on. Thanks to the internet, lots of financial information is readily available.

### Course Material:

1. Presentations will be available to download at the class web page. They will form the basis of class discussions. Other readings will be announced in class or they will be posted on the web page.
2. Required textbook: Corporate Finance: The Core, Berk and DeMarzo, Second Edition 2011, Pearson Education Inc.
3. Wall Street Journal (web edition: <http://www.wsj.com>)

### Course Format:

This class meets once a week for a total of 3 hours. I will be talking a lot about the basic finance theories, but I intend to mix this with numerous examples on how to actually carry out the calculations involved. Questions are always welcome; please

don't hesitate to interrupt whenever you need to.

We will cover quite a bit every week. So it's important to keep up to date with the material. I intend to use quizzes towards this end. Most of these are going to be short and unannounced. During the semester, we should have 3 quizzes of 10 minutes each.

There will be a group assignment. You should plan on being in a group of 5-6 people. You can set up your own groups (if you'd rather that I place you in a group, let me know). This assignment is meant to give you some experience on the financial markets. The assignment will be based on actual stock markets and allow us to apply what we learn in class using real data. The details of the assignments will be laid out clearly in class. I do not expect to receive any late assignments.

I believe exams will really help reinforce what we learn in this course. Therefore, we will have both a midterm and a final exam. I will hand out a sample midterm and a sample final in class, and go over these in class before the exams. These should help you prepare for the exam, and give an idea about what to expect in the test.

Grading:

Midterm 35%

Assignments 15%

Quizzes 10%

Final 40%

Grades will be assigned following a curve based on the overall class performance.

**Class Calendar:**

<b>Week</b>	<b>Date</b>	<b>Topic</b>	<b>Preparation</b>
<b>1</b>	9/14	Introduction to the Course	Read the course syllabus
<b>2</b>	9/21	The Corporation Arbitrage and Financial Decision Making	Ch. 1 Ch. 3
<b>3</b>	9/28	The Time Value of Money	Ch. 4
<b>4</b>	10/5	Interest Rates	Ch. 5
<b>5</b>	10/12	Investment Decision Rules	Ch. 6
<b>6</b>	10/19	Fundamentals of Capital Budgeting	Ch. 7
<b>7</b>	10/26	Valuing Bonds	Ch. 8
<b>8</b>	11/2	Valuing Stocks	Ch. 9
<b>9</b>	11/9	Capital Markets and the Pricing of Risk	Ch. 10
<b>10</b>	11/16	<b>Midterm exam.</b>	Study for the Midterm
<b>11</b>	11/23	Optimal Portfolio Choice and the Capital Asset Pricing Model	Ch. 11
<b>12</b>	11/30	Estimating the Cost of Capital	Ch. 12
<b>13</b>	12/7	Investor Behavior and Capital Market Efficiency	Ch. 13
<b>14</b>	12/14	Capital Structure in a Perfect Market	Ch. 14
<b>15</b>	12/21	Debt and Taxes	Ch. 15
<b>16</b>	12/28	Financial Distress, Managerial Incentives and Information	Ch. 16
<b>17</b>	1/4	Project presentations	
<b>18</b>	1/11	<b>Final exam.</b>	

**Note: The schedule is subject to change depending on the actual class progress during the semester.**