

Managerial Finance with Focus on Asia

Section 1

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【Course Outline / Description】

Financial Management studies corporate finance and capital markets, emphasizing the financial aspects of managerial decisions.

This course is designed to introduce you to the fundamental issues of financial management and to the quantitative techniques used to address them. Topics include risk and return, asset evaluation, capital budgeting, capital structure, dividend policy, business financial planning and working capital management. Particular emphasis will be given to the finance function and its relevance to the management of a business. Analysis, problem solving techniques and decision-making tools are emphasized. The time value of money as it applies to the finance function will be developed, and especially to the capital budgeting decision and to bond pricing.

The course will describe and evaluate the basic features of financial markets and their connection to a business organization. Stock, bonds and interest rates will also be covered. We will examine valuation models for stocks and bonds along with the determinants of interest rates. We will explore the yield curve.

The course will examine the use of financial ratios to evaluate the performance of the firm. We will calculate and analyze the financial statements of selected companies.

Differences between domestic and multinational financial management will be presented throughout the course. As such we will examine the impact of currency changes, political and economic risk, and the globalization of financial markets on the financial management function. We will also examine cross-cultural differences in the management of a business organization.

The format of this course is primarily lecture and discussion, with real-world in class assignments to help you make the linkage with business operations and to gauge your understanding of the material

Section 2

【Course Objectives/Goals/Learning Outcomes】

1. To develop an understanding and appreciation of the role of financial management in a business organization.
2. To develop analytical skills necessary for the financial decision making process of a business organization.
3. To develop an understanding and appreciation of current financial issues facing business organizations through line web sites and readings and discussions of current articles in the financial press.

Section 3**【Class Schedule/Class Environment, Literature and Materials】**

	Schedule of Instruction	Work outside of Classroom Activities
Lesson 1	Introduction to Financial Management	
Lesson 2	Functions of a CFO	
Lesson 3	Role of Board of Directors	
Lesson 4	Financial Markets	
Lesson 5	Functions of Financial Markets	
Lesson 6	Financing startup and IPOs and mature firms	
Lesson 7	Financial Institutions	
Lesson 8	As sources of funds for businesses	
Lesson 9	Bank based versus market based financial systems	
Lesson 10	Financial Statements	
Lesson 11	Balance Sheet	
Lesson 12	Income Statement	
Lesson 13	Financial Statement Analysis	
Lesson 14	Liquidity and Debt Ratios	Computing ratios
Lesson 15	Profitability and Market Ratios	Computing ratios
Lesson 16	The Bond Market	
Lesson 17	Determinants of interest rates	
Lesson 18	Sources of Funds for Firms	
Lesson 19	The Yield Curve	
Lesson 20	Bond and Stock Valuations	
Lesson 21	Present Value. Types of Yields	Solving present value examples
Lesson 22	Relation of prices to interest rates	
Lesson 23	EPS in stock valuation	
Lesson 24	Working Capital Management	
Lesson 25	Capital Structure	
Lesson 26	Leverage	
Lesson 27	Capital Budgeting	
Lesson 28	Cost of Capital	Solving a cost of capital example
Lesson 29	Payback and Discounted Payback	
Lesson 30	Net Present Value and Internal Rate of Return	Solving a Capital Budgeting example

Week 1 Lecture Topic: Introduction to Financial Management

In this first lecture we will discuss some important issues in the field of financial management, such as the role of finance within a business organization, the financial goals of management, the capital allocation process, financial markets and financial institutions. We will also discuss how globalization has impacted on the financial function (for example raising funds, dealing with different equity cultures and different risk environments, etc.).

This lecture will also touch on the functions of a CFO within an organization. We will look at responsibilities with regard to managing the organization's cash flow, liabilities, monitoring financial performance, establishing financial relationships, raising capital, budgeting and expense control, shareholder relations, and compliance with financial regulations.

We will also discuss the relationship of the CFO to the Board of Directors, the CEO and COO.

Weeks 2 and 3 Lecture Topic: Financial Markets and Financial Institutions

This lecture will explore the structure of a country's financial market and examine this market in relation to the life cycle of a business firm from a start up to a mature corporation. We will also examine the sources of funds for financial markets and institutions. We will examine the role of venture capital firms and the IPO process for raising capital. Finally we will compare and contrast the differences between a bank based financial structure (e.g., Germany, Italy and Japan) from a market based financial structure (U.S.).

Weeks 4 and 5 Lecture Topic: Financial Statements and Financial Statement Analysis

In this lecture we will explore the critical financial statements used by financial managers, specifically, a firm's balance sheet, income statement and cash flow statement. We will also examine some of the financial ratios that are useful to financial managers in evaluating the financial position (and financial health) of their firms. Selected company financial statements will be incorporated into this lecture. Students will be computing and analyzing financial ratios.

Week 6 Lecture Topic: The Bond Market and Yield Curves

This lecture will examine the determinants of interest rates in an economy. Factors such as inflation, economic activity, and central bank policies will be discussed. The term structure (yield curve) will also be developed as a tool for forecasting future interest rates and changes in economic activity. In this regard, we will examine current yield curves for various countries and explore important on line web site for these.

Week 7 Lecture Topic: Bond and Stock Valuations

Important bond market terms and yields, such as coupon yields, current yields and yields to maturity will be explained. We will examine the market pricing of seasoned bonds with the concept of present value. The important inverse relationship between market interest rates and bond prices on seasoned issues will be explored. Web sites that calculate the present value (i.e., market prices) of bonds for given market interest rates and maturity dates will be introduced. Stock market valuation models, such as the dividend model, will also be covered.

Lecture 8: Working Capital Management

In this lecture we will discuss the management of a firm's short-term financial position, specifically current assets and current liabilities.

Week 9 Lecture Topic: Capital Structure

This lecture will discuss the role of debt (leverage) in a company's capital structure. We will examine leverage ratios and the factors affecting the use of debt (e.g., structure of assets, cash flow of company, tax exposure, etc). We will explore the impact of leverage on the return on equity.

Week 10 Lecture Topic: Cost of Capital and Capital Budgeting Decision

This lecture will discuss the approaches used by business firms in making long-term investment decisions. We will examine the cost of capital as a cut off (minimum) return on new projects and apply this to capital budgeting techniques such as net present value (NPV) and internal rate of return (IRR). We will also look at some additional capital budgeting techniques such as payback. We will calculate the weighted average cost of capital (WACC) and apply it to the various capital budgeting techniques.

Week 11 Lecture Topic: Financial Management in a Global Setting

Financial market globalization is playing an increasing role in the financial management decision. Throughout the course we will be exploring the impact of this international environment on today's business firm. This concluding lecture will expand on some of these global issues.

【Textbooks/Reading Materials】

Articles and prepared readings (including cases) will be distributed to students throughout the semester.

Section 4

【Learning Assessments/Grading Rubric】

Your grade for this course will be based on three exams. Exams will consist of essay questions from lectures and assigned readings. Questions will be designed to test your ability to connect concepts covered in class with real world events. Some questions will involve problem solving. A calculator will be needed for this class for these exams.

Final course grades will be determined as follows:

Exam 1:	30%
Mid-Term Exam:	30%
Final Exam:	40%

Class participation will be strongly encouraged, but will not be a factor in determining final grade. The dates for these exams will be provided during the first week of class.

Letter grades will be based initially on a 90%, 80%, 70%, 60% format. Adjustments to this format will be made during the semester as exams are given. Plus and minus grades might be given.

Section 5

【Additional Information】

Prerequisites: Beginning accounting.

Required Supplies: Basic Financial Calculator