



**Minzu University of China**  
**FIN 300 Financial Management**  
**Summer 2020**

**Basic Information**

**Class hours:** Monday through Thursday, 2 hours each day  
**Discussion:** Friday, 1 hour (60 minutes)  
**Review Section:** Saturday, 1 hour (60 minutes)  
**Office Hour:** 2 hours (According to professors' teaching plan)  
**Field trip:** According to professors' teaching plan  
**Credit:** 4  
**Total contact hours:** 60 (50 minutes each)  
**Instructor:** Qi Hao

**Course Description**

This course will offer students a solid understanding of the fundamentals of finance from basic asset pricing theory, financial market dynamics, to techniques applicable in retirement plan, investment, and corporate decision-making. For students majoring in finance, the material covered represents the foundation upon which further study in the area will be built. For non-finance majors, the material covered will provide a basic understanding about the types of decisions that financial managers make, how to price some common financial assets, and how these may relate to their own areas of expertise.

Specific topics covered include: an overview of financial management and the role of the financial manager; financial ratio analysis; the concept of risk and return; the time value of money; corporate governance; the concept of investment portfolio; bond and stock valuation; the cost of capital; capital investment decisions, financial planning, dividend payout policy, and capital structure issues.

**Learning Objectives**

Students having successfully completed this course will be able to

1. Explain the theories underlying sound financial decisions
2. Value some common financial assets, such as bonds and stocks
3. Apply the critical relationship between risk and return in financial decision making
4. Analyze the financial efficiency of a firm's operations
5. Make personal financial planning in terms of investment arrangement

**Textbook**

*Recommended textbook:*

Brigham & Ehrhardt, Financial Management: Theory and Practice, 16<sup>th</sup> Edition, South- Western Cengage Learning, 2019.

**Other Resources**

- Substantial lecture notes will be provided electronically. E-book version and earlier editions of the textbook may be used (13th or later).
- Wall Street Journal
- Yahoo Finance

**Course Schedule**

*Topics and Course Schedule:*

- Overview of Financial Management
- Financial Statement, Cash Flow and Taxes



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- Analysis of Financial Statement [a project using a real world company]
- Time Value of Money
- Bonds and Interest Rate
- Risk and Return, and the CAPM
- Stock and Market Efficiency Theory
- The Cost of Capital
- Capital Budgeting
- Special Topics: (1) financial planning, (2) dividend payout policy, and (3) capital structure issues

Week	Class	Topic	Contents
1	1	A	Introduction; explain course-related issues, and go over some key aspects of finance and financial management
	2	B	Firm valuation; read financial statement; free cash flow (FCF); Net Operating Profit After Tax (NOPAT)
	3	B	Find FCF from financial statement; corporate tax
	4	C	Analyze financial statement and determine the health of a firm; financial ratios and their interpretation
2	1	C	Financial ratios and their interpretation; make suggestions to the firm's management based on your findings
	2	D	Time value of money; the concept of discounting; deriving formulas perpetuity, annuity and other special cash flows
	3	D	Consol bond; (mortgage loan, retirement plan valuate student different loan, car financial products loan, etc.)
	4	D, E	More real world examples of asset valuation; start topic E if time permits
3	1	E	Cash flows associated with bonds; various bond types (Treasury, corporate and municipal bonds); price quote
	2	E	Derive bond pricing formula; practice bond valuation; determine bond yield; price semi-annual coupon bond
	3	E, review	Interest rate, inflation and Fisher's relationship; review for the midterm exam
	4	Midterm	Take the midterm exam in class
4	1	Explain exam, F	Go over the midterm exam and explain the answers; start Topic F: quantifying risk
	2	F	Tradeoff between risk and return; portfolio theory; derive the capital asset pricing model (CAPM)
	3	G	Stock and ownership; stock valuation; two models based on dividend; dividend growth and plowback
	4	G, H	A comprehensive example showing where value comes from; market efficiency – forms and meanings; then start Topic H: how to find the cost of capital and use it for valuating a business; WACC and FCF
5	1	H, I	Wrap up Topic H: Business investment criteria; the NPV rule; the pitfalls of the IRR rule; capital budgeting decisions and examples
	2	J	Special topics: financial planning, payout, capital structure
	3	J, Review	Wrap up Topic J, the course and any unfinished topics; review the entire course to help the students prepare for the final exam
	4	Final	Take the final exam in class

Note: Students can seek extra help during the instructor's office hours, and interaction sessions offered on Fridays.

## Grading

Attendance	10%
Homework and Quizzes	20%



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Midterm and Final Exams 70%

**Total 100%**

97-100 A+	87-89 B+	77-79 C+	67-69 D+	Below 60 F
94-96 A	84-86 B	74-76 C	64-66 D	
90-93 A-	80-83 B-	70-73 C-	60-63 D-	

### Attendance & Classroom Contribution

Please bring devices at your choice to take notes if you cannot print out my distributed lecture notes. The use of smart phones is prohibited in class. Students should attend every class. Although attendance is not mandatory, missing 3 or more classes will make your learning extremely difficult. Quizzes are not announced in advance and no make-up will be offered if you miss a quiz or exam. Not taking an exam will result in an F as the final course grade.

### Homework

There will be assigned homework problems for most of the chapters. I will randomly collect some of your homework and there will be no extension of the deadlines.

### Exams

We will have two major exams – the midterm exam and final exam. The final exam will be cumulative, i.e., covering all the material covered in class. However, roughly 80% will be dedicated to the topics post the midterm exam.

### Academic Integrity

Academic integrity is unconditionally upheld in this course. Homework assignments, quizzes and exams are to be completed independently. However, active discussion and team spirit are encouraged in appropriate context, for example, before and after you complete an assignment, in preparation of the quizzes and exams, reviewing a topic or studying it in advance, etc. Cheating and plagiarism in any fashion are absolutely unacceptable. Upon verification, violators will lose points commensurate with the violation up to failing the course.