

# CB3410: FINANCIAL MANAGEMENT

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## Effective Term

Semester A 2022/23

## Part I Course Overview

### Course Title

Financial Management

### Subject Code

CB - College of Business (CB)

### Course Number

3410

### Academic Unit

Economics and Finance (EF)

### College/School

College of Business (CB)

### Course Duration

One Semester

### Credit Units

3

### Level

B1, B2, B3, B4 - Bachelor's Degree

### Medium of Instruction

English

### Medium of Assessment

English

### Prerequisites

Nil

### Precursors

CB2400 Microeconomics or FB2400 Economics ICB2100 Accounting I or FB2100 Accounting I

### Equivalent Courses

Nil

### Exclusive Courses

EF3010 Financial Management for Value Creation;FB3410 Financial ManagementGE2260 Introduction to Finance

## Part II Course Details

### Abstract

This course aims to provide students with a background in some fundamental concepts of modern financial management. It also exposes students to some of the major financial decision techniques used in the business world. Students will develop

their attitude and ability to discover and innovate by applying the basic principles of finance to solving real-life financial problems independently, such as evaluating a capital budgeting decision or estimating the value of a company using different methods.

### Course Intended Learning Outcomes (CILOs)

CILOs		Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	Apply the concepts of time value of money and risk-return trade-off for valuation of stocks, bonds, and estimating cost of capital; demonstrate ability to discover mispriced financial instruments;	50		x	
2	Evaluate corporate investment decisions using various capital budgeting techniques;	25		x	
3	Appraise various sources of financing available to corporations and evaluate capital structure decisions and examine values of levered and unlevered firm, and dividend policy.	25		x	

#### A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

#### A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to real-life problems.

#### A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

### Teaching and Learning Activities (TLAs)

TLAs	Brief Description	CILO No.	Hours/week (if applicable)
1	Lectures, exercises and in-class discussions. Lecturer encourages students to think critically and logically by getting students to solve the problems by themselves rather than giving out the solutions without engaging students.	1, 2, 3	
2	Stock Valuation or Capital Budgeting Group Project/ Case Study	1, 2	

**Assessment Tasks / Activities (ATs)**

ATs		CILO No.	Weighting (%)	Remarks (e.g. Parameter for GenAI use)
1	Mid-term exam, group project and exercises	1, 2	50	

**Continuous Assessment (%)**

50

**Examination (%)**

50

**Examination Duration (Hours)**

2

**Additional Information for ATs**

Students are required to pass both coursework and examination components in order to pass the course.

**Assessment Rubrics (AR)****Assessment Task**

Final Examination (one 2 hours exam)

**Criterion**

Ability to calculate financial values and explain corporate financial management

**Excellent (A+, A, A-)**

High

**Good (B+, B, B-)**

Significant

**Fair (C+, C, C-)**

Moderate

**Marginal (D)**

Basic

**Failure (F)**

Not even reaching marginal levels

**Assessment Task**

Mid-term exam, group project and exercises

**Criterion**

Ability to apply financial methods and conduct financial analysis for investment decisions

**Excellent (A+, A, A-)**

High

**Good (B+, B, B-)**

Significant

**Fair (C+, C, C-)**

Moderate

**Marginal (D)**

Basic

**Failure (F)**

Not even reaching marginal levels

## Part III Other Information

**Keyword Syllabus**

1. Introduction to Finance: basic accounting (income statement, balance sheet, cash flow analysis), goal of the firm, agency costs, basic structure of Hong Kong financial and banking systems.
2. Time value of money: determinants of interest rates, future value and present value of cash flows.
3. Bond Valuation.
4. Risk and return, efficient capital markets.
5. Stock Valuation.
6. Financial Statement Analysis.
7. Financing avenues for a firm – Initial Public Offerings (IPOs), equity fund raising, short-term and long-term debt, venture capital, external fund raising and cash flow analysis.
8. Cost of Capital.
9. Capital budgeting under uncertainty: Net Present Value, Internal Rate of Return, Investment Decisions.
10. Capital Structure

**Reading List****Compulsory Readings**

Title	
1	Corporate Finance Essentials, Stephen A. Ross, Randolph W. Westerfield, and Bradford D. Jordan, latest edition.
2	Essentials of Financial Management, Eugene Brigham and Joel Houston, latest edition.
3	Fundamentals of Corporate Finance, Stephen A. Ross, Randolph W. Westerfield, and Bradford D. Jordan, latest edition.
4	Fundamentals of Financial Management, Eugene Brigham and Joel Houston, latest edition.

**Additional Readings**

Title	
1	Nil