

**STATE UNIVERSITY OF NEW YORK
COLLEGE OF TECHNOLOGY
CANTON, NEW YORK**



COURSE OUTLINE

FSMA312 – FINANCIAL MANAGEMENT

Prepared By: Dr. Chengru Hu

**SCHOOL OF BUSINESS & LIBERAL ARTS
BUSINESS DEPARTMENT
April, 2015**

- A. **TITLE:** Financial Management
- B. **COURSE NUMBER:** FSMA312
- C. **CREDIT HOURS:** 3
- D. **WRITING INTENSIVE COURSE:** No
- E. **COURSE LENGTH:** 15 weeks
- F. **SEMESTER(S) OFFERED:** Both
- G. **HOURS OF LECTURE, LABORATORY, RECITATION, TUTORIAL, ACTIVITY:**
3 lecture hours per week
- H. **CATALOG DESCRIPTION:** This course is a continuation of Introduction to Finance (FSMA 210). Topics on portfolio theory, efficient market theories, Capital Asset Pricing Model are further elaborated and applied to make capital budgeting, capital structure, and dividend policy decisions within corporations. Special topics on agency conflicts, and mergers and acquisitions and corporate risk management are also discussed.
- I. **PRE-REQUISITES/CO-REQUISITES:**
a. Pre-requisite(s): A minimum grade of C in FSMA 210 is required
b. Co-requisite(s): none
- J. **GOALS (STUDENT LEARNING OUTCOMES):**
By the end of this course, the student will be able to:
1. Utilize financial theories and associated tools to analyze corporate financial performance
 2. Solve advanced capital budgeting problems based on sound theoretical principles
 3. Determine capital structures and other financial policies
 4. Integrate risk-return tradeoff in making financial decisions
 5. Apply the CAPM and other tools to firm's cost of capital measure
 6. Apply financial analysis concepts to financial issues such as mergers, acquisitions and international finance

| <i>Course Objective</i> | <i>Institutional SLO</i> |
|---|--|
| a. Solve advanced capital budgeting problems based on sound theoretical principles | 2. Crit. Thinking |
| b. Determine capital structures and other financial policies | 2. Crit. Thinking 3. Prof. Competence |
| c. Integrate risk-return tradeoff in making financial decisions | 2. Crit. Thinking 3. Prof. Competence |
| d. Apply the CAPM and other tools to firm's cost of capital measure | 2. Crit. Thinking |
| e. Apply financial analysis concepts to financial issues such as mergers, acquisitions and international finance | 2. Crit. Thinking 3. Prof. Competence |

K. TEXTS:

Ross, S.A., Westerfield, R. A., and Jordan, B.D., (2013). *Fundamentals of Corporate Finance*, ISBN: 0078034639, New York, NY: McGraw Hill Higher Education

L. REFERENCES:

Ross, S.A., Westerfield, R. A., and Jordan, B.D., (2014). *Essentials of Corporate Finance*, ISBN: 0078034752, New York, NY: McGraw Hill Higher Education

M. EQUIPMENT: Access to company financial statements, and Wall Street Journal, and technology enhanced classroom.

N. GRADING METHOD: A-F

O. MEASUREMENT CRITERIA/METHODS:

- Exams
- Quizzes
- Homework
- Participation

P. DETAILED COURSE OUTLINE: (must use the outline format listed below)

- I. Introduction and Overview
 - A. An overview of financial management
 - B. Risk, return and portfolio theory
 - C. Time value of money
 - D. Financial securities
 - E. Capital Asset Pricing Model (CAPM)
 - F. Basics of capital budgeting
- II. The Cost of Capital
 - A. Cost of debt
 - B. Cost of retained earning
 - C. Cost of new common stocks
 - D. Weighted average cost of capital (WACC)
 - E. Adjusting the cost of capital for risk
- III. Cash flow estimation and risk analysis
 - A. Identify relevant cash flows
 - B. Evaluate capital budgeting projects
 - C. Project risk analysis
- IV. Advanced topics in capital budgeting
 - A. Basic capital budgeting methods
 - B. Capital budgeting with projects of unequal lives
 - C. Introduction to real options
 - D. Optimal capital budget
- V. Capital structure and leverage
 - A. Business and financial risk

- B. Capital structure irrelevance theory: The Modigliani-Miller (MM) theory
 - C. Effect of tax
 - D. Effect of financial leverage
 - E. Optimal capital structure
- VI. Corporate dividend policy
- A. Dividend versus capital gains
 - B. Dividend irrelevance theory: the Miller-Modigliani (MM) theory
 - C. Optimal dividend policy
 - D. Factors influencing dividend policy
 - E. Establishing a dividend policy in practice
 - F. Stock dividends and stock split
- VII. Managing Current Asset
- A. Cash conversion cycle
 - B. Current asset investment policies
- VIII. Financing current asset
- A. Current asset financing policies
 - B. Sources of short-term financing
 - C. Cost of short-term financing
- IX. Derivatives and Risk Management
- A. Introduction to derivatives
 - B. Fundamentals of Risk management
 - C. Using derivatives to reduce risks
- X. Multinational financial management
- A. Multinational corporations
 - B. Trading in foreign exchange
 - C. The international monetary system
 - D. International money and capital markets
 - E. Overview of multinational financial management
- XI. Mergers and acquisition
- A. Rationale for merger
 - B. Types of mergers
 - C. Merger analysis
 - D. Financial reporting for mergers
 - E. Role of investment bankers
 - F. Merger regulation
- Q. **LABORATORY OUTLINE:** None