



COURSE SYLLABUS

Course Catalog:	FIN 105	School Year:	SY 2012-2013
Course Title:	Financial Management	Term:	First Semester
Credit:	3 Units [Major Subject]	Instructor:	

A. Course Description and Objective

FIN 105 (Financial Management) is an introductory finance course designed to make students understand the basic finance concepts. The course involves studies on decision-making utilizing financial resources available to the firm from the perspective of the manager.

The course emphasizes the understanding of finance theory and working knowledge of the financial environment in which the firm operates in order to develop appropriate financial strategies. Hence, it covers the whole range of basic finance concepts, economics and financial environment, financial statement analysis, risk analysis, the valuation process, capital budgeting, and capital structure and dividend policy. It will also cover financial analytical tools, cash flow management techniques & working capital management.

B. Course Outline and Content

- An Overview of Financial Management (Chapter 1)
- Financial Statements, Cash Flow, and Taxes (Chapter 2)
 - Balance Sheet, Income Statement, Statement of Retained Earnings, Net Cash Flow, Statement of Cash Flows
 - NOPAT, Net Working Capital, Free Cash Flow
- Analysis of Financial Statements (Chapter 3)
 - Ratio Analysis
 - The Du Pont Equations
- (Chapter 4) Financial Planning and Forecasting
 - The Sales Forecast
 - The AFN Equation
- Financial Markets and Institutions (Chapter 5)
 - Financial Markets
 - Efficient Market Hypothesis

1st LONG EXAM (July 2-7, 2012)

- Risk and Rates of Return (Chapter 7)
 - Stand-Alone Risk

- Risk in a Portfolio Context
- The Relationship between Risk and Rates of Return
- Some Concerns about Beta and the CAPM
- Time Value of Money (Chapter 8)
 - Future and Present Value; Ordinary Annuity, Annuity Due and Perpetuity
 - Effective Annual Interest Rate (EAR)
 - Loan Amortization
- Bonds and Their Valuation (Chapter 9)
 - Key Characteristics of Bonds
 - Bond Valuation
 - Bond Yields – Yield to Maturity (YTM), Yield to Call (YTC), Current Yield
 - Annual and Semiannual Coupon Bonds
- Stocks and Their Valuation (Chapter 10)
 - Common Stock
 - Constant Growth Stocks
 - Valuing Stocks Expected to Grow at a Nonconstant Rate
 - Valuing the Entire Corporation
 - Stock Market Equilibrium
 - Preferred Stock

2nd LONG EXAM (August 13-18, 2012)

- The Cost of Capital (Chapter 11)
 - Cost of Debt, Preferred Stock and Retained Earnings
 - Cost of New Common Stock
 - Composite, or Weighted Average, Cost of Capital, WACC
- The Basics of Capital Budgeting (Chapter 12)
 - Payback Period, Net Present Value (NPV), Internal Rate of Return (IRR), Modified Internal Rate of Return (MIRR)
- Cash Flow Estimation and Risk Analysis (Chapter 13)
 - Estimating Cash Flows for Evaluating Capital Budgeting Projects

- **Real Options and Other Topics in Capital Budgeting (Chapter 14)*

3rd LONG EXAM (September 10-15, 2012)

- Capital Structure and Leverage (Chapter 15)
 - The Target Capital Structure
 - Financial Risk
 - Determining the Optimal Capital Structure – The Hamada Equation
 - Capital Structure Theory – Trade-Off Theory, Signaling Theory
- Distributions to Shareholders: Dividends and Share Repurchases (Chapter 16)
 - Establishing the Dividend Policy in Practice
 - Dividend Reinvestment Plans
 - Stock Dividends and Stock Splits
 - Stock Repurchases
- Working Capital Management (Chapter 17)
 - The Cash Conversion Cycle
 - The Cash Budget, Cash Management Techniques
 - Inventory and Receivables Management
 - Sources of Short-term Financing – Bank Loans, Accounts Payable (Trade Credit)

4th LONG EXAM (October 8-13, 2012)

C. Required Reading

- Brigham, Houston. Financial Management Fundamentals, 12th Edition. Cengage Learning Asia. 2011.

D. Supplementary Reading

- Brigham, Houston. Fundamentals of Financial Management, 10th Edition. Thomson Learning. 2004.
- Brealey, Myers, Marcus. Fundamentals of Corporate Finance, 5th Edition. McGraw-Hill. 2007. Solely distributed by C&E Publishing, (1672 Quezon Ave, South Triangle, QC)
- Keown, Martin, Petty, Scott. Financial Management Principles and Applications, 10th Edition. Prentice Hall. 2005.

Final Grade Curve
A = 3.76 to 4.00
B+ = 3.31 to 3.75
B = 2.81 to 3.30
C+ = 2.31 to 2.80
C = 1.81 to 2.30
D = 1.00 to 1.80
F = Below 1.00

E. Grade Equivalent

Aggregate Long Exam Curve (4 Exams)
--

276 – 300	A	4.00
270 – 275	B+/A	3.75
261 – 269	B+	3.50
252 – 260	B/B+	3.25
246 – 251	B	3.00
237 – 245	C+/B	2.75
228 – 236	C+	2.50
216 – 227	C/C+	2.25
204 – 215	C	2.00
192 – 203	D/C	1.50
180 – 191	D	1.00
162 – 179	F/D	0.50
Below 162	F	0.00

F. Course Requirements

Four 75-pt. Long Exams (@ 20%)	80%	A student needs to reach 162 in aggregate Long Exams in order to pass this course.
Teacher's Discretion	20%	
TOTAL	100%	

G. Classroom Policies

1. Absences and Lateness

- A total of nine absences for MWF classes, six absences for TTH classes, three absences for once a week classes and five absences for JTA classes for the entire semester will be allowed. Any student who exceeds this will be given a W.
- A student is marked absent when he/she is not in the classroom 10/15 minutes after the time. Students who arrive late should sit at the back to avoid class disruptions.
- In the absence of any prior announcement from the Department, the class must wait for the teacher for 30 minutes after classes have started. No free cuts shall be deemed given unless this time has passed. Students who leave before this time shall be marked absent.

2. Testing and Grading

- Four long exams, lasting three hours each, will be administered outside class hours. All of them are close-notes and closed books. No make-up exams will be allowed.
- A final mark of F will automatically be given to any student caught cheating in any exam.
- Appeals for rechecking must therefore be accomplished within ONE WEEK AFTER THE RESULTS ARE GIVEN OUT.
- If classes are suspended or cancelled on the date of a scheduled exam or quiz, it is understood the test will be given on the following meeting.
- **Quizzes will be given every meeting.** Students are required to study for the lessons that were taught or assigned readings for discussions.

3. Class Guidelines

- Turn off cellular phones or activate the silent vibration mode to avoid disrupting the class discussion.
- Students are expected to adhere to JGSOM Dress Code.
- Restroom needs should be attended to before or after the class, or during breaks between classes. It should not be done during class.
- Eating, drinking and smoking are not allowed inside the classroom.
- Students are highly encouraged to ask questions and contribute their insights and observations, as long as they are relevant to the subject matter being discussed. Disruptive students will be asked to leave the room.

H. Contact Details and Consultations

- Regarding consultation, students may get in touch with their respective teachers using the following e-mail address:

Students who wish to individually consult their teachers may arrange an appointment with them or through Mrs. Rosalie Mendoza, the Department Secretary.