

Department: Business Administration

Course Name: Financial Management I **FIN 601**

Prerequisite: N/A **Credit Hours:** 3

Brief Description:

This course introduces concepts and analytical techniques that financial managers should use when making investment and financing decisions with the ultimate goal of maximizing the wealth of shareholders. It covers the concepts of time value of money, asset valuation, risk and return paradigm, capital budgeting, financing, and payout decisions. These topics lay the foundation for more advanced finance courses.

Course Objectives:

After completion of this course the student will be able to:

- Explain the goals governing a firm's financial decisions.
- Perform time-value calculations by using financial mathematics.
- Apply various valuation models to value long-term debt, preference shares and ordinary shares.
- Explain the importance, role and techniques of capital budgeting in a firm.
- Measure risk and return.
- Distinguish between diversifiable and non-diversifiable risk.
- Use the Capital Asset Pricing Model (CAPM) and apply skills in estimating cost of equity.
- Describe the concept of market efficiency and distinguish between different categories of market efficiency.
- Explain the effects of financial advantage, and the factors underlying the selection of target capital structures.
- Discuss theories and issues related to dividend policy.

Course Topics:

- Introduction to managerial finance
- Discounted cash flow valuation
- Firm financial decision
- Time value of money
- Bond and stock valuation
- Risk analysis and measurement
- Cost of equity
- Measure of return
- Market efficiency
- Financial leverage
- Capital structure
- Dividend policy

Text Book:

Ross, S.A., Westerfield, R.W., Jaffe, J., (2019). Corporate Finance, 10th edition. McGraw-Hill Irwin, New York .

Additional References:

Brealey, R. A., & Myers, S. C. (2010). Principles of corporate finance (global ed. of 10th rev. ed.). New York, NY: McGraw Hill Higher Education

Online Resources:

- Bloomberg Terminal.
- Academic databases available through the University's Library website.

Measurement & Assessment Tools:

Objectives			Knowledge	Critical Thinking	Communication Skills
Assessment tools	Grade	Week (Time period)	1	2	3
Midterm test	25	9 th	✗		
Case study memorandum	10	12 th		✗	✗
Project	15	15 th			
Final exam	50	As Dated	✗		
Extra credit					
Bloomberg Market Concepts (BMC): BMC is an 8-hour e-learning course that introduces financial markets. It consists of four modules – Economics, Currencies, Fixed Income and Equities. BMC utilizes Bloomberg data, news analytics and serves as a good introduction to Bloomberg. After creating a student account using your university email address, you can access the course—use code: (GJ8MXRZCYH). This course is free if taken from the Bloomberg terminal. Should you elect to take the course online, a student rate of \$149 USD applies. If you want to apply for exemption from the fees, please email the course instructor. You are required to complete the course and answer all	5	15 th	✗		

questions by the end of Week 15. Upon completion of the course, you will be able to access your certificate of completion under the BMC homepage. You can also cite your participation on your CV via LinkedIn.

Tentative Course Outline:

Week	Hours	Topics	Readings
1	3	Introduction to Corporate Finance	Ch1
2	3	Discounted Cash Flow Valuation	Ch4
3	3	Discounted Cash Flow Valuation (continued)	Ch4
4	3	Net Present Value & Other Investment Rules	Ch5
5	3	Making Capital Investment Decisions	Ch6
6	3	Interest Rates and Bond Valuation	Ch8
7	3	Stock Valuation	Ch9
8	3	Risk & Return: Lessons from Market History	Ch10
9	3	Midterm test	
10	3	Risk & Return: The Capital Asset Pricing Model	Ch11
11	3	Risk, Cost of Capital & Valuation	Ch13
12	3	Efficient Capital Markets & Behavioral Challenges	Ch14
13	3	Capital Structure: Basic Concepts	Ch16
14	3	Capital Structure: Limits to the use of debt	Ch17
15	3	Dividends and Other Payouts	Ch19
16		Revision	

**Approved by Dept.
Chair:**

Date of Approval:

Extra Information: *(Updated every semester and filled by course instructor)*

Course

Instructor:

Office No:

Extension:

Email:

Office Hours: