

Spring 2024 FIN2010 Financial Management

Course Information

When and where:

Hour	Mon/Wed 8:30 am–10 am	Mon/Wed 1:30 am–3:00 pm	Mon/Wed 15:30 pm–17:00 pm
Location	Teaching B 105	Teaching B 105	Teaching B 105

Instructor: Sung Kwan Lee, leesungkwan@cuhk.edu.cn

Office Hour: Wed 10:30 am-12:00 pm, Thurs 3:30 pm-5:00 pm, Zhiren 620a

Tutors: Shirley Wu, shirleywu@cuhk.edu.cn

Tutor Office Hour: Tue 3:00 pm-5:00 pm, Zhiren 319

USTF: TBA

Course Description

This is an introductory finance course that develops the basic concepts and tools for making financial decisions. The course consists of six sections: (1) time value of money, (2) risk and return, (3) derivatives, (4) capital budgeting, (5) cost of capital, and (6) personal investment.

Course Objectives and Learning Goals

This course has three objectives.

- The first is to introduce the basic **financial terminologies and institutional knowledge** so that the students are prepared for advanced finance courses.
- The second is to get students familiar with the **basic tools and models** in finance, such as time value of money, compound interest, portfolio risk, capital budgeting, etc. These tools are useful both in making personal financial decisions and in advanced studies.
- The third goal is to push students into the habit of making **personal investments**. This is important for maintaining their future financial well-being and promoting lifelong learning.

Textbook and Tools (not required):

- ***Fundamentals of Financial Management***, by James C. Van Horne and John M. Wachowicz, Jr. (hereinafter referred to as “VW”)
- **Corporate Finance**, by Jonathan Berk, Peter DeMarzo (hereinafter referred to as “BD”)
- **Fundamentals of Corporate Finance**, by Stephen A. Ross, Randolph W. Westerfield, Bradford D. Jordan (hereinafter referred to as “RWJ”)

- **Glossary:**
https://docs.google.com/spreadsheets/d/1Zpp24oOrcDEbvoEEuVlb42x9fWY1_ka8XaSD42imQbc/edit#gid=0

Textbook is not required. Slides, homework and exams will be self-sufficient. However, if a student has zero prior knowledge in the subject, a textbook can be useful as a reference.

I recommend that you use a financial calculator such as Texas Instruments BA II Plus (including BA II Plus Professional).

Grading

12%	Weekly Assignments	35%	Midterm
6%	Take-Home Quizzes	45%	Final
2%	Investment Report		

- Weekly Assignments

There will be weekly assignments consisting of multiple choices to help you review and memorize what you have learned in class. These weekly assignments will be posted on Blackboard regularly, and you will be notified when they are ready online.

- Take-Home Quizzes

There will be 5 take-home quizzes with similar format to the computational problems on the exams. You will be notified when they are ready.

- Investment Report

You need to buy at least 5 financial assets (stock, bond, mutual fund, etc.) with virtual money, i.e. think of this as mock trading. Describe what you decided to buy and why you made these trades. A template of the report is attached below.

- Exams

1. Exams will consist of both multiple choices and computational problems.
2. There will be NO makeup for the midterm exam. If you miss the midterm due to emergency issues, the final exam will account for 80% of your total grade. If you have to miss the midterm exam and need to adjust the weight, please notify the instructor **before** the midterm exam and provide valid proof (e.g., doctors' notes).
3. You can apply for makeup exam for the final. The makeup final exam will consist of computational problems only, which inherently will be more challenging than the regular final exam. If you have to miss the final exam, please notify the instructor **before** the final exam and provide valid proof (e.g., doctors' notes).

Tentative Schedule (Subject to changes)

Chapter information is based on the 10th edition of RWJ (standard edition, not international edition) and 3rd edition of BD.

Topics	Related Chapter		
	VW	BD	RWJ
The Role of Financial Management	1		1
The Business, Tax, and Financial Environments I	2	1	1
The Business, Tax, and Financial Environments II	2	23	15
The Time Value of Money I	3	4	5
The Time Value of Money II	3	4	5, 6
The Valuation of Long-Term Securities-Bond	4	6	7
The Valuation of Long-Term Securities-Stock	4	9	8
Risk and Return	5	10	12
Risk and Return of a Portfolio	5	11	13
Risk and Return-Capital Asset Pricing Model	5	11	13
Financial Statement Analysis	13	2	3
Capital Budgeting Techniques		7	9
Estimating Cash flows	6,7,12	8	10
Estimating Cash flows	6,7,12	8	10
Risk and Managerial options in Capital Budgeting	14	22	11
Required Returns and the Cost of Capital	15	12	14
Capital Structure	16,17	14, 15	16
Dividend Policy	18	17	17
Optional topics			

FIN2010 Investment Report

Section:	Name:	ID:
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Investment 1

Asset Code		Purchase Date	
Asset Name			
Purchase Price		Purchase Amount	
Reasons for purchase:			
Return up till now (or till sold):			
(If sold) Sold date		Sold Price	
Reflections on this investment:			