



## Hunan University

### FINM 201: Business Finance

**Professor:** To be announced

**Total contact hours:** 54 hours

**Credit:** 4

#### ***Course Description***

*Business Finance* provides an introduction to the fundamental of finance and the key skills required for good financial management of corporations and companies, as well as for personal financial management. Financial management refers to the efficient and effective management of money (funds) in such a manner as to accomplish the objectives of the organization. It is the specialized function directly associated with the top management. It introduces financial concepts and issues that provide the necessary guidelines to solve many corporate finance problems and covers some of the important theories in modern finance to provide a substantial grounding in the discipline, including in preparing students for more advanced studies in finance.

#### ***Required Material***

**Textbook:** *Financial Management: Theory & Practice*

**Author:** Brigham Ehrhardt

**Edition:** 14th Edition

**Publisher:** CL

#### ***Grading***

- Assignments 20%
- Quizzes 20%
- Midterm 20%
- Final Exam 40%

A+ 96-100	A 90-95	A- 85-89
B+ 82-84	B 78-81	B- 75-77
C+ 71-74	C 66-70	C- 62-65
D 60-61	F < 60	



## ***Course Schedule***

The course has 24 class sessions in total. All sessions are 2 hours and 15 minutes in length.  
Note: the course outline and required readings are subject to change.

Class 1:

Introduction to the course and syllabus-related materials

Class 2:

1: An Overview of Financial Management and the Financial Environment.

1A: An Overview of Derivatives.

1B: A Closer Look at the Stock Markets

Class 3:

2: Financial Statements, Cash Flow, and Taxes

2A: The Federal Income Tax System for Individuals

3: Analysis of Financial Statements

Class 4:

4: Time Value of Money.

4A: The Tabular Approach

4B: Derivation of Annuity Formulas

4C: Continuous Compounding

Review and Quiz 1

Class 5:

5: Bonds, Bond Valuation, and Interest Rates

5A: A Closer Look at Zero Coupon Bonds

5B: A Closer Look at TIPS: Treasury Inflation-Protected Securities

5C: A Closer Look at Bond Risk: Duration

5D: The Pure Expectations Theory and Estimation of Forward Rates

Class 6:

6: Risk and Return

6A: Continuous Probability Distributions

6B: Estimating Beta with a Financial Calculator

Class 7:

7: Valuation of Stocks and Corporations

7A: Derivation of Valuation Equations

Class 8:

8: Financial Options and Applications in Corporate Finance



Class 9:

9: The Cost of Capital

9A: The Required Return Assuming Nonconstant Dividends and Stock Repurchases

10: Basics of Capital Budgeting: Evaluating Cash Flows

10A: The Accounting Rate of Return (ARR)

Class 10:

11: Cash Flow Estimation and Risk Analysis

11A: Certainty Equivalents and Risk-Adjusted Discount Rates

Class 11:

12: Corporate Valuation and Financial Planning

Review and Quiz 2

Class 12:

Midterm

Class 13:

13: Corporate Governance

14: Distributions to Shareholders: Dividends and Repurchases

Class 14:

15: Capital Structure Decisions

15A: Degree of Leverage

Class 15:

16: Supply Chains and Working Capital Management

17: Multinational Financial Management

Class 16:

18: Public and Private Financing: Initial Offerings, Seasoned Offerings, and Investment Banks.

18A: Rights Offerings

Class 17:

19: Lease Financing

19A: Leasing Feedback

19B: Percentage Cost Analysis

19C: Leveraged Leases

Class 18:

20: Hybrid Financing: Preferred Stock, Warrants, and Convertibles.

20A: Calling Convertible Issues

Class 19:



21: Dynamic Capital Structures.  
22: Mergers and Corporate Control.  
22A: Projecting Consistent Debt and Interest Expenses.

Class 20:  
23: Enterprise Risk Management.

Class 21:  
24: Bankruptcy, Reorganization, and Liquidation.  
24A: Multiple Discriminant Analysis.

Class 22:  
25: Portfolio Theory and Asset Pricing Models.  
26: Real Options.  
26A: The Abandonment Real Option.  
26B: Risk-Neutral Valuation.

Class 23:  
Overall Review

Class 24:  
Final Exam

### ***Attending Policy***

Regular and prompt attendance is required. Under ordinary circumstances, you may miss two times without penalty. Each absence over this number will lower your course grade by a third of a letter and missing more than five classes may lead to a failing grade in the course. Arriving late and/or leaving before the end of the class period are equivalent to absences.

### ***Policy on "Late Withdrawals"***

In accordance with university policy, appeals for late withdrawal will be approved ONLY in case of medical emergency and similar crises.

### ***Academic Honesty***

Hunan University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating, and will also report the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.



### ***General Expectations:***

Students are expected to:

- Attend all classes and be responsible for all materials covered in class and otherwise assigned;
- Complete the day's required reading and assignments before class;
- Review the previous day's notes before class and make notes about questions you have about the previous class or the day's reading;
- Participate in class discussions and complete required written work on time;
- Refrain from texting, phoning or engaging in computer activities unrelated to class during the class period;
- While class participation is welcome, even required, you are expected to refrain from private conversations during the class period.

### ***Special Needs or Assistance***

Please contact the Administrative Office immediately if you have a learning disability, a medical issue, or any other type of problem that prevents professors from seeing you have learned the course material. Our goal is to help you learn, not to penalize you for issues which mask your learning.