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**Guangdong University of Finance**

**2019 Summer Program**

**MKT 340 Financial Management**

**Course Syllabus**

**Term: June 3-July 5, 2019**

**Class Hours: 16:00-17:50 (Monday through Friday)**

**Course Code: MKT 340**

**Instructor: George Sarraf**

**Home Institution: University of California Irvine**

**Office Hours: TBA**

**Email: [gsarraf@uci.com](mailto:gsarraf@uci.com)**

**Credit: 4**

**Class hours**

This course has 72 class hours, including 40 lecture hours, professor 10 office hours, 10-hour TA discussion sessions, 2-hour review sessions, 10-hour extra classes.

**Required Textbooks:**

- 1. Textbook: Richard Brealey et al, Fundamentals of Corporate Finance, 9th ed., McGraw-Hill Irwin.**
- 2. Financial Calculator.** If you do not already have a financial calculator, you can use one of the following: Hewlett Packard 12C (including the HP 12C Platinum), Texas Instruments BAI Plus, Hewlett Packard 10-B or Sharp EL-733A. Learning how to use your calculator is your responsibility. There are many types of financial calculators and each one has different instructions on how to use. Consult the user's manual to learn how



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to perform different computations using your calculator. You will need your calculator during the exams.

The textbook provides some directions on how to use financial calculators in solving certain problems.

### Course Description, Goals & Hours:

This course is designed to give business students an overview of the role of financial management in businesses and to facilitate understanding of financial concepts and their applications. It is also intended to develop some proficiency in the use of the basic tools and techniques employed in financial analysis, traditional as well as newer concepts. It is, therefore, to help students understand why corporate financial managers behave the way they do.

This course provides an overview of the modern theory and practice of financial management and focuses on two fundamental financial decisions; investment as well as financing. Beginning with discounted cash flow analysis, basic theory will be applied to the valuation of stocks, bonds, and individual capital budgeting projects. Students will subsequently learn to price assets under uncertainty, including the tradeoff between risk and return, portfolio diversification and Capital Asset Pricing Model. Furthermore, the course will address the elements involved in financing decisions, such as, capital markets, financing sources, debt and dividend policy. Finally, the course will conclude with a survey of current issues in finance, including mergers which require joint decisions of investment and financing.

### Course Goals:

A student who satisfactorily completes this course should:

- Understand the basic terms and concepts of financial management and how firms are valued.
- Understand how individuals make sound financial decisions.
- Understand discounted cash flow and how to make a sound investment decision using Net Present Value.
- Understand the meaning of bonds and stocks and how to evaluate them.
- Understand how firms raise capital and how to calculate the cost of capital.
- Know how to analyze and manage firm's projects.
- Understand the tradeoff between risk and return and how to minimize the risk of an investment portfolio
- Know the impact of debt policy on the firm's value.



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- Understand the meaning of dividends and how corporation make decision to pay dividends to shareholders
  - Know how firms merge and the impact of such move on the firm's value

### **Lectures:**

Lectures are designed to clearly explain the concepts covered in the textbook and how they apply to real world situations. Outlines of the lecture notes will be made available to students prior to class.

### **Attendance Policy:**

Summer classes are intensive and require hard work and diligence. Attending classes is essential for mastering the concepts presented during lectures. If you miss the class due to a legitimate reason (e.g. sickness) you will be required to notify the instructor. Such absence will be recorded as excused absence.

Attendance will be recorded and is worth 10% of the student grade.

### **Tests:**

There will be two midterm and a final. If you miss a midterm for a legitimate reason (you'll be required to show a proof. e.g. if you have a medical reason, you'll have to provide a medical note), then the final will count for your missed midterm. There will be no alternate/make-up midterms under any circumstances.

Please make any travel or other plans around the posted dates and times.

### **Homework:**

There will be 3 homework assignments, each one is meant to help you prepare (along with the other materials) for the upcoming exams. Late submission of homework will not be accepted. You are required to submit a hard copy of your homework. Homework emailed to me or the TA will not be graded. It's important to write down your name, student id and homework number, otherwise it will not be graded. Instruction on how to submit your homework will be provided.

### **Grading Breakdown:**

Midterm I	25%
Midterm II	25%
Final	25%
Homework	15%
Attendance	10%



Total Score = [Mid\*0.35 + Final\*0.35 + Hwk\*0.15 + Att\*0.15]. **Curve will be determined based on the distribution of grades.**

Your grade will be determined on the following scale.

<b>A</b>	<b>90-100</b>	<b>C+</b>	<b>72-74</b>	<b>F</b>	<b>Below 56</b>
<b>A-</b>	<b>85-89</b>	<b>C</b>	<b>68-71</b>		
<b>B+</b>	<b>82-84</b>	<b>C-</b>	<b>64-67</b>		
<b>B</b>	<b>78-81</b>	<b>D+</b>	<b>60-63</b>		
<b>B-</b>	<b>75-77</b>	<b>D</b>	<b>56-59</b>		

<b>Course Outline</b>		
<b>Week</b>	<b>Topic</b>	<b>Chapter</b>
<b>Week 1</b>		
	Introduction and Syllabus	
	<ul style="list-style-type: none"> <li>• Financing decisions</li> <li>• Goals of Corporations</li> <li>• Financial Markets and Institutions</li> </ul>	<b>1</b>
	<ul style="list-style-type: none"> <li>• Time value of money and inflation</li> <li>• Present &amp; Future value</li> </ul>	<b>5</b>
	<ul style="list-style-type: none"> <li>• Bonds valuations</li> <li>• Interest rate and bond pricing</li> <li>• YTM</li> </ul>	<b>6</b>
<b>Week 2</b>		
	<ul style="list-style-type: none"> <li>• Stocks valuations</li> <li>• Dividend Discount Model</li> <li>• Growth and income stocks</li> </ul>	<b>7</b>
	<ul style="list-style-type: none"> <li>• NPV when choosing a project</li> <li>• The Payback rule</li> <li>• IRR</li> </ul>	<b>8</b>
	<ul style="list-style-type: none"> <li>• Project Analysis</li> </ul>	<b>10</b>
<b>Midterm I Review-- Homework 1 Due</b>		



<i>Week 3</i>		
	Midterm I (Monday)	Ch: 1,5,6,7,8
	<ul style="list-style-type: none"><li>• Introducing Risk and Return</li><li>• Diversification</li></ul>	11
	<ul style="list-style-type: none"><li>• Measuring market risk</li><li>• CAPM</li></ul>	12
	<ul style="list-style-type: none"><li>• WACC</li><li>• Calculating and interpreting WACC</li></ul>	13
	Midterm II Review-- Homework 2 Due	
<i>Week 4</i>		
	Midterm II (Monday)	Ch: 10-13
	<ul style="list-style-type: none"><li>• Intro to corporate financing</li></ul>	14
	<ul style="list-style-type: none"><li>• Raising Capital</li></ul>	15
	<ul style="list-style-type: none"><li>• Debt Policy</li><li>• Borrowing effects on value</li><li>• Capital structure and corporate taxes</li></ul>	16
<i>Week 5</i>		
	<ul style="list-style-type: none"><li>• Corporations payout policy</li><li>• Stock repurchase</li><li>• Dividends effects on value</li></ul>	17
	<ul style="list-style-type: none"><li>• Mergers &amp; Acquisitions</li></ul>	21
	Final Exam Review-- Homework 3 Due	
	Final Exam (tba)	Chs. 14-17 & 21