

**CHAPTER 1: AN OVERVIEW OF FINANCIAL MANAGEMENT**

**TOPICS COVERED:**

- Objectives of Managerial Finance
- Profit Maximization vs. Stockholder Wealth Maximization
- Agency Problems
- Finance Decisions and Risk-Return Trade-Off
- Time Value of Money
- Importance of Finance
- Scope and Role of Finance
- Controller versus Treasurer
- Financial and Operating Environment
- Corporations

**CHAPTER 2: FINANCIAL STATEMENTS AND CASH FLOW**

**TOPICS COVERED:**

- What and Why of Financial Statements
- More on the Income Statement
- Classified Financial Statements
- Statement of Cash Flows
- Cash Flow Analysis
- Other Sections of the Annual Report
- Auditor’s Report
- Notes to the Financial Statements (Footnotes)
- How to Read a Quarterly Report
- SEC Reporting Requirements - Integrated Disclosure System
- Management’s Discussion and Analysis (MD&A)
- The Sarbanes-Oxley Act
- Key Points of Auditing Standard No.

**CHAPTER 3: EVALUATING A FIRM’S FINANCIAL PERFORMANCE**

**TOPICS COVERED:**

- What and Why of Financial Statement Analysis?
- Horizontal Analysis
- Vertical Analysis
- Ratio Analysis
- Liquidity Ratios
- Activity (Asset Utilization, Turnover) Ratios
- Solvency (Leverage, Debt Service, Long-Term Debt) Ratios
- Profitability Ratios
- Market Value Ratios
- An Overall Evaluation - Summary of Financial Ratios
- Is Ratio Analysis a Panacea?

**CHAPTER 4: IMPROVING FINANCIAL PERFORMANCE**

**TOPICS COVERED:**

- What Is Return on Investment (ROI)?
- What Does ROI Consist Of? The Du Pont Formula
- How to Improve Return to Stockholders through Financial Leverage

**CHAPTER 5: BUDGETING, PLANNING, AND FINANCIAL FORECASTING**

**TOPICS COVERED:**

- The Percent-Of-Sales Method
- The Sustainable Rate of Growth
- How to Prepare a Budget
- Comprehensive Illustration
- The Sales Budget
- The Production Budget
- The Direct Material Budget
- The Direct Labor Budget
- The Factory Overhead Budget
- The Ending Inventory Budget
- The Cash Budget
- The Budgeted Income Statement
- The Budgeted Balance Sheet
- Some Financial Ratio Calculations

**CHAPTER 6: THE TIME VALUE OF MONEY**

**TOPICS COVERED:**

- How to Calculate Future Values
- Intra-year Compounding
- Future Value of an Annuity
- What Is Present Value - How Much Money Is Worth Now?
- Present Value of Mixed Streams of Cash Flows
- Present Value of an Annuity
- Perpetuities
- The Applications of Future Values and Present Values
- Amortized Loans
- How to Develop Loan Amortization Schedules
- Annual Percentage Rate (APR)
- Rates of Growth
- Bond Values

**CHAPTER 7: THE MEANING AND MEASUREMENT OF RISK AND RATES OF RETURN**

**TOPICS COVERED:**

- Return on Investment
- Arithmetic Average Return vs. Geometric Average Return
- What Is Expected Rate of Return?

- How Is Risk Measured?
- Types of Risk
- Portfolio Theory
- What Is Beta?
- How to Read Beta
- The Arbitrage Pricing Model (APM)

## **CHAPTER 8: VALUATION OF STOCKS AND BONDS**

### **TOPICS COVERED:**

- How to Value a Security
- What is a Bond?
- How to Value Bonds
- How Do You Calculate Yield (Effective Rate of Return) on a Bond?
- What Is Preferred Stock?
- How to Value Preferred Stock
- How to Calculate Expected Return from Preferred Stock
- What Is Common Stock?
- How to Value Common Stock

## **CHAPTER 9: THE COST OF CAPITAL**

### **TOPICS COVERED:**

- Computing Individual Costs of Capital
- Cost of Debt
- Cost of Preferred Stock
- Cost of Equity Capital
- Measuring the Overall Cost of Capital
- Level of Financing and the Marginal Cost of Capital (MCC)

## **CHAPTER 10: CAPITAL BUDGETING: TECHNIQUES AND PRACTICE**

### **TOPICS COVERED:**

- What Are the Types of Investment Projects?
- What Are the Features of Investment Projects?
- How Do You Measure Investment Worth?
- How to Select the Best Mix of Projects with a Limited Budget
- How to Handle Mutually Exclusive Investments
- How Do Income Taxes Affect Investment Decisions?
- Types of Depreciation Methods

## **CHAPTER 11: DETERMINING THE FINANCING MIX**

### **TOPICS COVERED:**

- Break-Even Analysis, Operating Leverage, and Financial Leverage
- Tools of Capital Structure Management
- Capital Structure Decisions in Practice

## **CHAPTER 12: MANAGING LIQUID ASSETS**

### **TOPICS COVERED:**

- Evaluating Working Capital
- Cash Management
- Delay Frequency of Paying Employees
- Cash Models
- Banking Relationships
- Investing In Marketable Securities
- Management of Accounts Receivable
- Inventory Management

## **CHAPTER 13: SHORT-TERM FINANCING**

### **TOPICS COVERED:**

- Short-Term Financing
- Intermediate-Term Financing: Term Loans and Leasing

## **CHAPTER 14: DEBT FINANCING**

### **TOPICS COVERED:**

- Types of Long-Term Debt

## **CHAPTER 15: EQUITY FINANCING**

### **TOPICS COVERED:**

- Issuing Equity Securities
- Governmental Regulation
- Selecting a Financing Method
- Investment Banking

## **CHAPTER 16: INTERNATIONAL FINANCE**

### **TOPICS COVERED:**

- Foreign Operations
- The Foreign Exchange Market
- Financial Strategies
- Translation Exposure
- Transaction Exposure
- Operating Exposure
- Impacts of Changes in Foreign Exchange Rates
- Interest Rates
- Inflation
- Examples of Political Risks
- International Financing