

Course Title	:	Financial Information and Management
Course Code	:	ECO2103
Recommended Study Year	:	2 & 3
No. of Credits/Term	:	3
Mode of Tuition	:	Lecture-Tutorial
Class Contact Hours	:	3 hours per week
Category in Programme	:	Major in Global Economics and Banking (Foundational Course)
Discipline	:	Economics
Prerequisite(s)	:	N/A
Co-requisite(s)	:	N/A
Exclusion(s)	:	N/A
Exemption Requirement(s)	:	N/A

Brief Course Description

The course is an introduction to financial information and financial management which is essential for all students studying international banking. It equips students with the useful tools such as the use of financial calculators and Excel spreadsheets and basic accounting for analysing financial information. This course is designed to fill this need and also serve as the foundation for more advanced courses in banking and finance.

Aims

The aims of the course are:

1. to introduce students to the basic concepts of financial information and financial management;
2. to equip students with some useful tools for analysing information and dealing with financial management issues;
3. to develop students' ability to critically analyse financial issues in light of relevant financial theories;
4. to enable students to apply the learned financial theories and skills to solve real-life problems.

Learning Outcomes (LOs)

On completion of the course, students will be able to:

1. explain the savings and investment process in the economy (LO1)
2. illustrate the major accounting principles and extract basic financial information from financial statements (LO2);
3. employ simple ratio analysis and financial statement analysis to evaluate company

- performance (LO3);
4. perform different forms of time value of money calculation (LO4);
 5. make capital budgeting decisions based on relevant criteria like NPV, IRR and profitability index (LO5);
 6. describe and value standard financial instruments such as bonds and stocks; (LO6);
 7. depict various securities markets and their operations (LO7); and
 8. qualitatively and quantitatively explain the relationship between risk and return (LO8).

Indicative Contents

- I. Savings and investment process
 - a. Capital formation
 - b. Role and major sources of savings
 - c. Factors affecting savings
 - d. Capital markets

- II. Financial Information
 - a. Forms of business
 - b. Accounting principles
 - c. Financial statements: income statement, balance sheet, statement of cash flows
 - d. Corporate governance

- III. Financial analysis
 - a. Financial statement analysis
 - b. Important ratios: liquidity ratios, asset management ratios, financial leverage ratios, profitability ratios, market value ratios
 - c. Dupont method
 - d. Cost-volume-profit analysis
 - e. Operating leverage

- IV. Time value of money
 - a. Basic concepts
 - b. Compounding for future values
 - c. Discounting for present values
 - d. Annuities

- V. Capital budgeting
 - a. Objectives and process
 - b. Capital budgeting techniques: net present value, internal rate of return, modified IRR, profitability index, payback period profitability ratios, market value ratios
 - c. Estimating project cash flows
 - d. Project risk adjustment

- VI. Characteristics and valuation of financial instruments
 - a. Long-term financing sources
 - b. Types and characteristics of fixed-income securities
 - c. Types and characteristics of equity capitals
 - d. Valuation of fixed-income securities
 - e. Valuation of equity

- VII. Securities markets
 - a. Primary markets and securities issuance
 - b. Secondary markets and securities trading
 - c. Investment banking
 - d. Over-the-counter market
 - e. Regulatory and ethical issues

- VIII. Risk and return
 - a. Sources and types of risk
 - b. Measures of risk and return
 - c. Efficient capital markets
 - d. Portfolio risk and return
 - e. Capital asset pricing model

Teaching Method

Lectures combined with tutorials involving presentations and discussion. Tutorials are designed to assess students' understanding of lectures and assigned readings. Cases discussions on up-to-date headline news with data and diagrams will be discussed in tutorials to help students to understand the real society with economic principles and models.

Measurement of Learning Outcomes

Specific Assessment Methods/Tasks	LO	Tutorial Discussion/Class Participation and/or Assignments	Group Project	Midterm	Final Exam	Total
Weightings		10%	15%	25%	50%	100%
Course Intended Learning	1	√		√	√	
	2	√	√	√	√	

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Outcomes to be Assessed	3	√	√	√	√	
	4			√	√	
	5	√	√	√	√	
	6	√	√	√	√	
	7	√		√	√	
	8	√	√	√	√	

Program Learning Goals (PLG)	CONTRIBUTION TO PLG
I. Possess up-to-date practical and theoretical knowledge for economics and international banking;	Students learn various important knowledge related to financial information and financial management.
II. Communicate the aforementioned knowledge effectively among their colleagues and in professional settings;	Discussions in class with classmates and group project would enhance students' communication skills.
III. Solve problems and make decisions by drawing on critical thinking skills;	Midterm and tests require students to solve qualitative and quantitative problems.
IV. Pursue a career or further study in a related field as a competitive candidate when measured against similar programs;	For the group project, a real company is analysed and recommendations would be made for improvement of the subject company.

Assessment

Continuous assessment		<u>50%</u>
	Project	15%
	Mid-term test	25%
	Tutorial discussion/participation	10%
Final examination		<u>50%</u>

Required/ Essential Reading

Melicher, R. W. and Norton, E. A. (2019) Introduction to Finance: Markets, Investments, and Financial Management, 17th Edition, Wiley.

Recommended/ Supplementary Readings

Ross, S., Westerfield R., and Jaffe J. and Jordan B. (2019), *Corporate Finance*, 12th ed., McGraw Hill.

Other contemporary materials relevant to Hong Kong and China's financial markets/institutions will be distributed to students throughout the semester.

Important Notes:

- (1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.
- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students’ understanding of plagiarism, a mini-course “Online Tutorial on Plagiarism Awareness” is available on <https://pla.ln.edu.hk/>.
- (5) Students are required to fill in a mid-term survey and the end of course CTLE survey.

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Grading Rubrics for Tutorial Discussion/Class Participation and/or Assignments (10%)

Dimensions	Good A, A-, B+	Satisfactory B, B-, C+, C	Poor C-, D+, D, F
Content (5%)	Shows good understanding of the topics and raises insightful comments/questions	Shows some understanding of the topics and raises constructive comments/questions	Shows little or no understanding of the topics and raises redundant comments/questions
Frequency (5%)	Frequently and actively participates in class discussions and activities	Sometimes participates in class discussions and activities	Rarely or never participates in class discussions and activities; only passively responds even when invited

Assessment Rubrics for Group Project (15%)

Criteria	Good A, A-, B+	Satisfactory B, B-, C+, C	Poor C-, D+, D, F
Basic financial ratios analysis with time-series and cross-sectional comparisons (6%)	Complete financial analysis including relevant financial ratios computation and analysis. Detailed comparisons of current to past performance and of company to industry.	Fair financial analysis including some relevant financial ratios computation and analysis. Comparisons of current to past performance and of company to industry.	Weak financial analysis including few or no relevant financial ratios computation and analysis. Absence of or poor comparisons of current to past performance and of company to industry.
Financial analysis with explanation of performance (3%)	Thorough financial analysis. Insightful interpretation of ratios and financial data	Fair financial analysis. Sensible interpretation of ratios and financial data	Weak financial analysis. Poor or lack of interpretation of ratios and financial data

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<p>Identification of deeper issues and proposal for solutions (3%)</p>	<p>Convincing explanations for problems and variations in financial performance. Detailed recommendations for improvements with sound justifications.</p>	<p>Reasonable explanation for problems and variations in financial performance. General recommendations for improvements with some justifications.</p>	<p>Poor or lack of explanation for variations in financial performance. Rough recommendations for improvements with no or weak justifications.</p>
<p>Organization, Articulation and Presentation Tools (3%)</p>	<p>Logical and appealing organization that is easy to understand; drawing interest from classmates;</p> <p>clear voice; correct pronunciations;</p> <p>enthusiastic tone;</p> <p>positive image with upright posture; lively gestures;</p> <p>effectively uses tools (slides/ handouts/ props)</p>	<p>Reasonable organization that is understandable; keeping classmates attentive;</p> <p>clear voice; mostly correct pronunciations;</p> <p>positive tone and image; some appropriate gestures;</p> <p>suitably uses tools (slides/ handouts/ props)</p>	<p>Organization that is difficult to understand; losing interest from classmates;</p> <p>unclear voice; many incorrect pronunciations;</p> <p>passive tone;</p> <p>negative image; no or inappropriate gestures;</p> <p>fails to or inappropriately use tools (slides/ handouts/ props)</p>

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Assessment Rubrics for Assignment Mid-term Test and Final Exam (25% and 50%)

Dimensions	Good A, A-, B+	Satisfactory B, B-, C+, C	Poor C-, D+, D, F
Accuracy (12.5% and 25%)	Demonstrates good knowledge of relevant subject matters; performs all or most of the required quantitative operations correctly	Demonstrates some knowledge of relevant subject matters; performs some required quantitative operations correctly	Demonstrates little or no knowledge of relevant subject matters; fails to perform all or most required quantitative operations correctly
Analysis (7.5% and 15%)	Critically analyzes the problems and formulates solutions with relevant knowledge/ theories; interpret results with appropriate criteria; justifies the answers with cogent arguments and convincing evidence	Analyzes the problems and formulates solutions with some relevant knowledge/ theories; interpret results with some applicable criteria; justifies answers with arguments and evidence	Poorly analyzes the problems and unable to formulate solutions with relevant knowledge/ theories; lacks interpretation of results; fails to justify the answers with cogent arguments and evidence
Articulation (5% and 10%)	Writes with high clarity, no or very few grammatical and spelling mistakes, as well as consistent style; effectively uses graphs/ tables/ diagrams and visual aids where appropriate	Writes with fair clarity, few grammatical and spelling mistakes, as well as mostly consistent style; uses some graphs/ tables/ diagrams and visual aids	Writes with low clarity, many grammatical and spelling mistakes, as well as inconsistent styles; does not or poorly uses graphs/ tables/ diagrams and visual aids