

THE EDUCATION UNIVERSITY OF HONG KONG

Course Outline

Part I

Programme Title	: Bachelor of Arts (Honours) in Personal Finance and Bachelor of Education (Honours) (Business, Accounting and Financial Studies); all undergraduate programmes
Programme QF Level	: 5
Course Title	: Financial Management and Financial Statement Analysis
Course Code	: BUS4024
Department	: Social Sciences and Policy Studies
Credit Points	: 3
Contact Hours	: 39
Pre-requisite(s)	: Financial Accounting
Medium of Instruction	: English
Course Level	: 4

Part II

The University's Graduate Attributes and seven Generic Intended Learning Outcomes (GILOs) represent the attributes of ideal EdUHK graduates and their expected qualities respectively. Learning outcomes work coherently at the University (GILOs), programme (Programme Intended Learning Outcomes) and course (Course Intended Learning Outcomes) levels to achieve the goal of nurturing students with important graduate attributes.

In gist, the Graduate Attributes for Sub-degree, Undergraduate, Taught Postgraduate, Professional Doctorate and Research Postgraduate students consist of the following three domains (i.e. in short "PEER & I"):

- Professional Excellence;
- Ethical Responsibility; &
- Innovation.

The descriptors under these three domains are different for the three groups of students in order to reflect the respective level of Graduate Attributes.

The seven GILOs are:

1. Problem Solving Skills
2. Critical Thinking Skills
3. Creative Thinking Skills
- 4a. Oral Communication Skills
- 4b. Written Communication Skills
5. Social Interaction Skills
6. Ethical Decision Making
7. Global Perspectives

1. Course Synopsis

This course provides opportunities for students to enable the skills and knowledge to analyse and interpret financial statements on financial performance, financial position and sustainability of companies. Then, students are allowed to base on indicators from financial analysis to understand the status of the companies. In addition, students will further examine the roles, principles and strategies of effective financial management in business operations. Students will be able to critically investigate the financial investment concepts and theories that play a vital role in the financial decision making process.

2. Course Intended Learning Outcomes (CILOs)

Upon completion of this course, students will be able to:

- CILO₁ Calculate and interpret indicators from financial statements on performance, financial position and sustainability of companies;
- CILO₂ Examine the application and limitation of accounting and financial ratios.
- CILO₃ Evaluate investment proposals by using capital budgeting techniques and risk analysis.
- CILO₄ Develop working capital management policies for financial cost and risk minimisation.

3. Content, CILOs and Teaching & Learning Activities

Course Content	CILOs	Suggested Teaching & Learning Activities
Overview on various types of financial statement analysis including: ratio analysis, trend analysis, horizontal analysis and vertical analysis.	CILO _{1,2}	Lecture, Illustration with case studies, calculation, group discussion
Calculation and interpretation of ratios including profitability ratios, liquidity ratios and management efficiency ratios.	CILO _{1,2}	Lecture, web search, calculation, hand-on practice and case studies
Criticising the usefulness and limitations of accounting and financial ratios.	CILO _{1,2}	Lecture, Illustration with case studies, calculation, group discussion
Capital budgeting: net present value, internal rate of return, payback period, accounting rate of return, cash flow, valuation in inflationary environment	CILO ₃	Lecture and case studies
Risk analysis: comparison between risk and uncertainty, decreasing risk by diversification, CAPM and Arbitrage Pricing Theory	CILO ₃	Lecture and group discussion
Management of cash, accounts receivable, accounts payable and inventory	CILO ₄	Lecture and group presentation

4. Assessment

Assessment Tasks	Weighting (%)	CILO
(a) Students will be given individual assignment(s) on evaluating different investment appraisal	30%	CILO _{1,2,3,4}

methods and other financial investment concepts.		
(b) An analysis of a listed company in Hong Kong, China with recommendations to potential investors for investment decisions. (group project) 2000 - 2500 words	40%	<i>CILO</i> _{1, 2, 4}
(c) A 1-2 hour quiz will be conducted after the completion of all topics discussed in class.	30%	<i>CILO</i> _{1, 2,3,4}

5. Use of Generative AI in Course Assessments

Please select one option only that applies to this course:

☐ **Not Permitted:** In this course, the use of generative AI tools is not allowed for any assessment tasks.

☒ **Permitted:** In this course, generative AI tools may be used in some or all assessment tasks. Instructors will provide specific instructions, including any restrictions or additional requirements (e.g., proper acknowledgment, reflective reports), during the first lesson and in relevant assessment briefs.

6. Required Text(s)

Higgins, R. (2018). *Analysis of financial management* (12th ed.). New York, USA: McGraw Hill.

Schoenebeck, K.P. & Holtzman, M.P. (2012). *Interpreting and analysing financial statements* (6th ed.). Boston, USA: Pearson.

7. Recommended Readings

Arnold, G. & Lewis, D. (2018). *Corporate financial management* (6th ed.). England: Pearson.

Drake, P.P. & Fabozzi, F.J. (2012). *Analysis of financial statements* (3rd ed.). Hoboken, Wiley.

Fridson, M. & Alvarez, F. (2011). *Financial statement analysis: a practitioner's guide* (4th ed.). New Jersey, USA: Wiley.

Holden, C.W. (2014). *Excel modeling in corporate finance* (5th ed.). Edinburgh Gate, Harlow, England: Pearson.

Parrino, R. Kidwell, D.S. & Bates, T. (2013). *Essentials of corporate finance*. New Jersey, USA: Wiley.

Pasewark, W. (2009). *Understanding corporate annual reports* (7th ed.). New York, USA, McGraw Hill.

Quiry, P., Fur, Y.L. & Salvi, A. (2011). *Corporate finance: theory & practice* (3rd ed.). New Jersey, USA: Wiley.

Ross, S., Westerfield, R. & Jordan, B. (2018). *Fundamentals of corporate finance* (12th ed.). New York, USA: McGraw Hill.

Vance, D.E. (2009). *Ratios and other tools for analysis, control and profit*. London, England: Global Professional Pub.

Zutter, C.J., Smart, S.B. & Smart, S. (2018). *Principles of managerial finance*. Edinburgh Gate, Harlow, England: Pearson.

郭敏華 (2014)：財務報表分析-評價應用 (4 版) (*Principles of finance, 4th ed.*)，台灣：智勝文化事業有限公司。

8. Related Web Resources

The American Finance Association	http://www.afajof.org/
The Australian Financial Review	http://www.afr.com.au/
Bloomberg.com	http://www.bloomberg.com/
Business Finance Magazine	http://www.businessfinancemag.com/
The Association of Corporate Treasurers (ACT)	http://www.treasurers.org/
CFA Institute Research Foundation	http://www.cfainstitute.org/learning/foundation

9. Related Journals

Aplus (HKICPA)
Intheblack (CPA Australia)
Journal of Finance
Journal of Financial Economics
Review of Financial Studies
Journal of Financial & Quantitative Analysis
The Wall Street Journal

10. Academic Honesty

The University upholds the principles of honesty in all areas of academic work. We expect our students to carry out all academic activities honestly and in good faith. Please refer to the Policy on Academic Honesty, Responsibility and Integrity (<https://www.eduhk.hk/re/uploads/docs/000000000016336798924548BbN5>). Students should familiarize themselves with the Policy.

11. Others

Nil

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