

**Course Outline**

**Part I**

**Programme Title:** Bachelor of Education (Honours) (Secondary) (Five-year Full-time);  
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

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**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:*

CILO<sub>1</sub>: Calculate and interpret indicators from financial statements on performance, financial position and sustainability of companies;

CILO<sub>2</sub>: Examine the application and limitation of accounting and financial ratios.

CILO<sub>3</sub>: Evaluate investment proposals by using capital budgeting techniques and risk analysis.

CILO<sub>4</sub>: 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 <sub>1,2</sub>	Lecture, Illustration with case studies, calculation, group discussion
Calculation and interpretation of ratios including profitability ratios, liquidity ratios and management efficiency ratios.	CILO <sub>1,2</sub>	Lecture, web search, calculation, hand-on practice and case studies
Criticising the usefulness and limitations of accounting and financial ratios.	CILO <sub>1,2</sub>	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 <sub>3</sub>	Lecture and case studies
Risk analysis: comparison between risk and uncertainty, decreasing risk by diversification, CAPM and Arbitrage Pricing Theory	CILO <sub>3</sub>	Lecture and group discussion
Management of cash, accounts receivable, accounts payable and inventory	CILO <sub>4</sub>	Lecture and group presentation

## 4. Assessment

Assessment Tasks	Weighting (%)	CILO
(a) Students will be given individual assignment(s) on evaluating different investment appraisal methods and other financial investment concepts.	30%	CILO <sub>1,2,3,4</sub>
(b) An analysis of a listed company in Hong Kong	40%	CILO <sub>1, 2, 4</sub>

with recommendations to potential investors for investment decisions. (group project) 2000 - 2500 words		
(c) A 1-2 hour quiz will be conducted after the completion of all topics discussed in class.	30%	<i>CILO</i> <sub>1, 2,3,4</sub>

## 5. Required Text(s)

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

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

## 6. Recommended Readings

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

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

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

Holden, C.W. (2014). *Excel modeling in corporate finance* (5<sup>th</sup> 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* (7<sup>th</sup> ed.). New York, USA, McGraw Hill.

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

Ross, S., Westerfield, R. & Jordan, B. (2018). *Fundamentals of corporate finance* (12<sup>th</sup> 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, 4<sup>th</sup> ed.)*, 台灣: 智勝文化事業有限公司。

## 7. Related Web Resources

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

## 8. 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*

### **9. 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.

### **10. Others**

Nil

*July 2022*