

Accountant's Guide to Financial Management

Chapter 1:

An Overview of Financial Management

Learning Objectives

After studying this chapter, you will be able to:

- Identify the objectives of managerial finance.
- Distinguish between profit maximization and stockholder wealth maximization.
- Recognize factors that affect the value of a firm.
- Recognize the role of financial managers.
- Recognize the various legal forms of business organization.

Chapter 2:

Financial Statements and Cash Flow

Learning Objectives

After studying this chapter, you will be able to:

- Identify the basic financial statements used by a firm.
- Recognize how the balance sheet portrays a company's financial position.

- Identify the components of a statement of cash flows.
- Recognize how footnote disclosures are used, and requirements for segment reporting.
- Recognize reporting requirements of the Sarbanes-Oxley 404.

Chapter 3:

Evaluating a Firm's Financial Performance

Learning Objectives

After studying this chapter, you will be able to:

- Identify which factors are used in evaluating a firm's stock.
- Recognize a comprehensive set of financial ratios and how to interpret them.

Chapter 4:

Improving Financial Performance

Learning Objectives

After studying this chapter, you will be able to:

- Recognize how ROI can be enhanced by management.
- Identify the basic components of the Du Pont formula and how it can be used for profit improvement.

Chapter 5:

Budgeting, Planning, and Financial Forecasting

Learning Objectives

After studying this chapter, you will be able to:

- Recognize steps in projecting financial needs by using the percent-of-sales method.
- Identify major steps in preparing the master budget.
- Recognize how the cash budget can be used to more effectively conduct financial management.

Chapter 6:

The Time Value of Money

Learning Objectives

After studying this chapter, you will be able to:

- Recognize the concept and use of the time value of money.
- Calculate the present value of a future payment.
- Recognize the definitions for annuities and minimum rates of return.

Chapter 7:

The Meaning and Measurement of Risk and Rates of Return

Learning Objectives

After studying this chapter, you will be able to:

- Recognize the components required to compute the return of an investment.
- Define the risk-return trade-off used in understanding diversification.
- Identify the types of risks reported by beta in its use in designing a portfolio.
- Using the Capital Asset Pricing Model (CAPM), calculate portfolio return and portfolio risk.
- Using the Arbitrage Pricing Model (APM), compute rate of return.

Chapter 8:

Valuation of Stocks and Bonds

Learning Objectives

After studying this chapter, you will be able to:

- Recognize the key inputs and concepts underlying the security valuation process.
- Distinguish between preferred stock and common stock.
- Recognize the various methods of common stock valuation.

Chapter 9:

The Cost of Capital

Learning Objectives

After studying this chapter, you will be able to:

- Compute costs of financing for long-term debt.
- Identify the overall cost of capital.
- Recognize factors used in computing the overall cost of capital.

Chapter 10:

Capital Budgeting: Techniques and Practice

Learning Objectives

After studying this chapter, you will be able to:

- Define the capital budget.
- Identify capital budgeting methods used to grow a company.
- Recognize how different project conditions can affect ultimate investment decisions.
- Recognize the types of depreciation methods.

Chapter 11:

Determining the Financing Mix

Learning Objectives

After studying this chapter, you will be able to:

- Identify how operating leverage affects a firm and compute total leverage.
- Recognize the primary objective of capital structure decisions and the influences on capital structure decisions.

Chapter 12:

Managing Liquid Assets

Learning Objectives

After studying this chapter, you will be able to:

- Understand the components of working capital and how to compute work capital.
- Recognize different methods of managing accounts receivable and how they affect cash flows.
- Recognize ways to better manage inventory, including the economic order quantity and the ABC inventory control method..

Chapter 13:

Short-Term Financing

Learning Objectives

After studying this chapter, you will be able to:

Recognize the different short-term financing instruments and when one is most appropriate.

Chapter 14:

Debt Financing

Learning Objectives

After studying this chapter, you will be able to:

- Recognize the advantages of using bonds for long term financing.
- Identify the types of bonds that can be issued.

Chapter 15:

Equity Financing

Learning Objectives

After studying this chapter, you will be able to:

- Recognize the advantages and disadvantages of the different kinds of stock and other equity securities.
- Identify the types and characteristics of equity financing.
- Recognize the role of the investment banker.
- Distinguish difference between a private and public placement of securities.

Chapter 16:

International Finance

Learning Objectives

After studying this chapter, you will be able to:

- Recognize the key features of the financial management of a multinational corporation (MNC), including foreign exchange issues.
- Identify ways to control currency risk.
- Recognize different types of foreign exchange exposure.
- Recognize ways to rate political risk.
- Identify various international sources of financing.