

**Course Number & Name ► MB 510 – Financial Policy**

**Required Text(s) ►**

For required textbooks for this course, please visit our online bookstore at <http://www.shop-edmap.biz/stj/>

**Course Objectives ►**

Upon completion of the course, you should be able to do the following:

1. Understand the basic structures of corporate financial accounting statements, namely, the Balance Sheet, Income Statements, Statement of Earnings, and Statement of Cash Flows.
2. Given any scenario regarding lump sums, annuities, or perpetuities, correctly determine Present Values and Future Values as well as related issues.
3. Given any scenario, use the discounted cash flow methods to evaluate lump sums versus annuities or perpetuities; lease versus buy, as well as “go” versus “no go” investment decisions using Net Present Value, Internal Rate of Return, Modified Internal Rate of Return, and Profitability Index analysis.
4. Given any scenario, correctly determine the Cost of Debt, Cost of Preferred Stock, and Cost of Common Stock or Equity as well as the Weighted Average Cost of Capital for use in the Investment decision.
5. Evaluate financial assets and portfolios using modern portfolio theory and Capital Assets Pricing Model (CAPM).
6. Assess the advantages and disadvantages of debt and equity financing using modern capital structure theory and evaluate the optimal dividend policy to maximize the value of the firm.
7. Understand the basics of Foreign Exchange Rate determination using the Purchasing Power Parity (PPP) and Interest Rate Parity (IRP) and International Fischer Effect (IFE) theories.



**What you can expect from this course (volume of work) ►**

**Grading Breakdown ►**

Class Participation .....	30%
Critical Analysis: Essays & Cases.....	70%