



The Hebrew University of Jerusalem

Syllabus

FINANCIAL MANAGEMENT - 71706

Last update 05-03-2025

HU Credits: 3

Degree/Cycle: 1st degree (Bachelor)

Responsible Department: Environmental Economics & Management

Academic year: 0

Semester: 2nd Semester

Teaching Languages: English

Campus: Rehovot

Course/Module Coordinator: Abigail Hurwitz, Phd

Coordinator Email: abigail.hurwitz@mail.huji.ac.il

Coordinator Office Hours: by appointment

Teaching Staff:

Dr. Abigail Hurwitz

Course/Module description:

Sources of financing: capital markets, securities, equity and debt. Capital structure: borrowing risks, financial leverage, value of levered and unlevered firms, tax shield on interest, the effect of bankruptcy risk on optimal capital structure Cost of capital - theory: weighted average cost of capital as cutoff rate for investment decisions, the effect of leverage on cost of equity and interest rate, the effect of tax shield on weighted average cost of capital. Cost of capital - estimation: methods for estimating the cost of equity (CAPM, dividend growth model); methods for estimating the cost of debt (bond yields, term structure of interest rates, average cost of debt in the balance sheet); estimating the weighted average cost of capital.

Course/Module aims:

The course will provide knowledge regarding basic concepts of financial management and corporate finance. The main subjects: Overview of Capital Markets and firm objectives and key concepts in the areas of capital structure, estimation methods, and pricing of financial instruments. The course will discuss conflicts of interest and costs agent and dividend policy. A review of the capital market in Israel and abroad, an analysis of assets and empirical findings on asset yields.

Learning outcomes - On successful completion of this module, students should be able to:

At the end of the course the student will be able to analyze and understand the firm's financial decisions

Attendance requirements(%):

100%

Teaching arrangement and method of instruction: Students are expected to engage in activities such as attending recorded lectures, reading articles, submitting papers, and delivering presentations.

Course/Module Content:

Capital structure of companies - a world with and without taxes.

Weighted average cost of capital.

Bankruptcies.

Dividend policy.

IPOs

Principal-agent problems and conflicts of interests in firms

Required Reading:

-none

Additional Reading Material:

Brealey, R.A. and Myers, S.C., Principles of Corporate Finance, McGraw Hill, 10th Edition.

Ross, S.A., Westerfield, R.W. and Jaffe, J., Corporate Finance, McGraw-Hill, 6th Edition, 2002.

Bodie, Kane and Marcus, Investments, Irwin 10th edition

Grading Scheme:

Presentation / Poster Presentation / Lecture/ Seminar / Pro-seminar / Research proposal 75 %

Submission assignments during the semester: Exercises / Essays / Audits / Reports / Forum / Simulation / others 25 %

Additional information:

The course will be delivered in a distinctive format this year, adapted in response to the prevailing circumstances.