Introduction to Financial Management
財務管理概論

溫福星
東吳大學國貿系

Introduction to Financial Management

Capital
Cash
Money

Supplier

Government
Business
Household

Demander

Government
Business
Person

The Flow of Savings to Corporations

Firm → Investor

Firm ← Investor

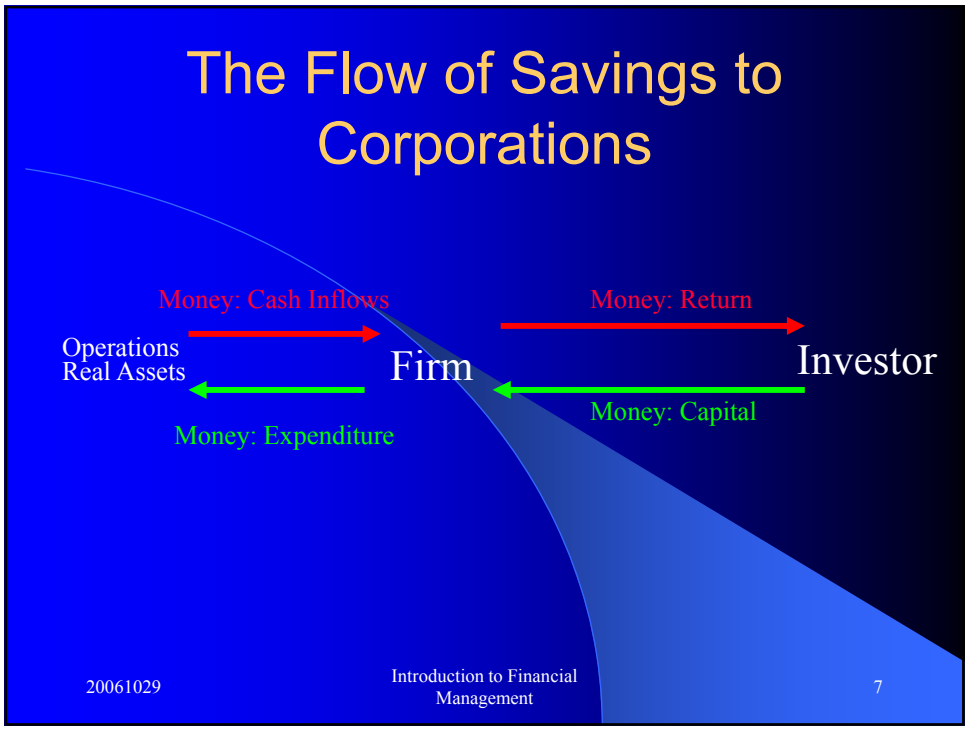
The Flow of Savings to Corporations

Money: Return

Firm → Investor

Firm ← Investor

Money: Capital


The Flow of Savings to Corporations
Money: Cash Inflows
Money: Return
Operations
Real Assets
Firm
Investor
Money: Capital
Money: Expenditure
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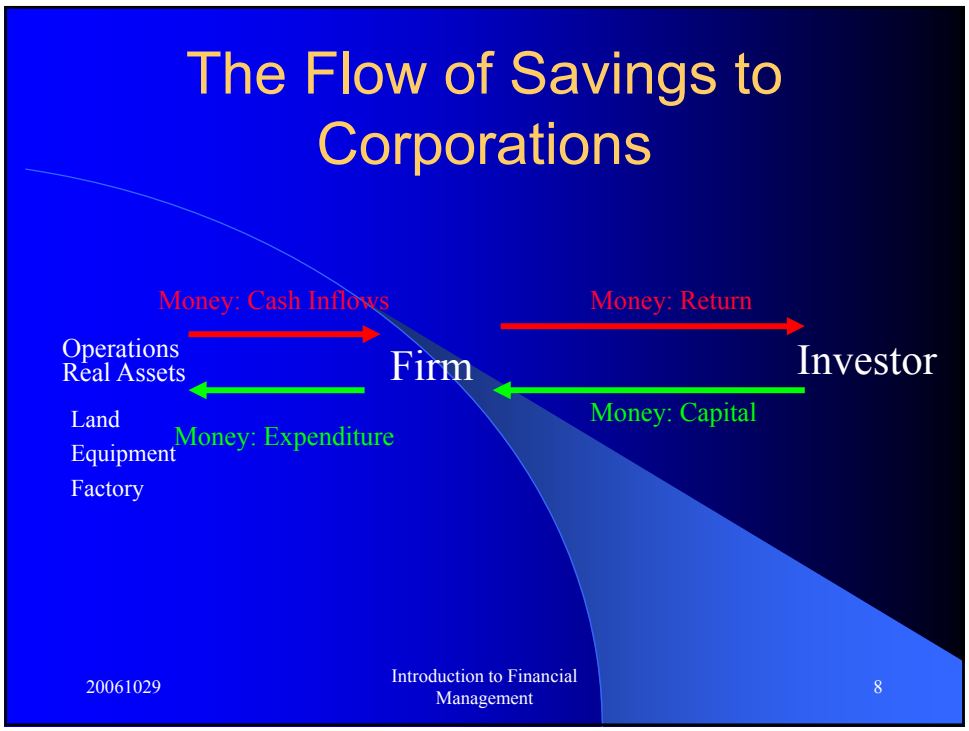
The Flow of Savings to Corporations
Money: Cash Inflows
Money: Return
Operations
Real Assets
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Investor
Land
Equipment
Factory
Money: Expenditure
Money: Capital
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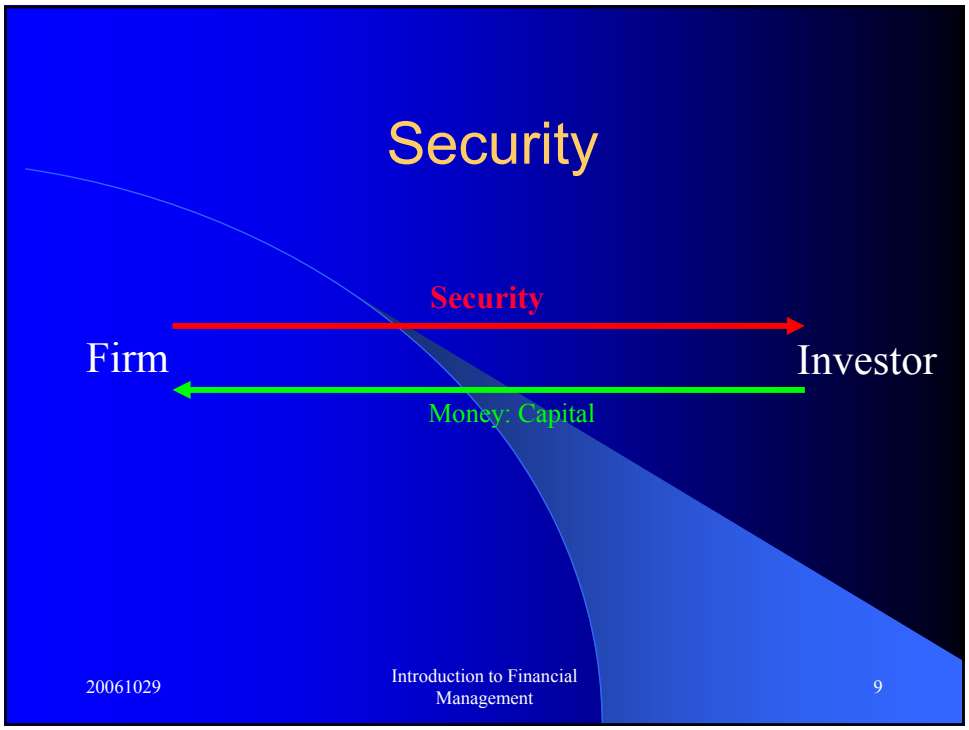
Security
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Money: Capital
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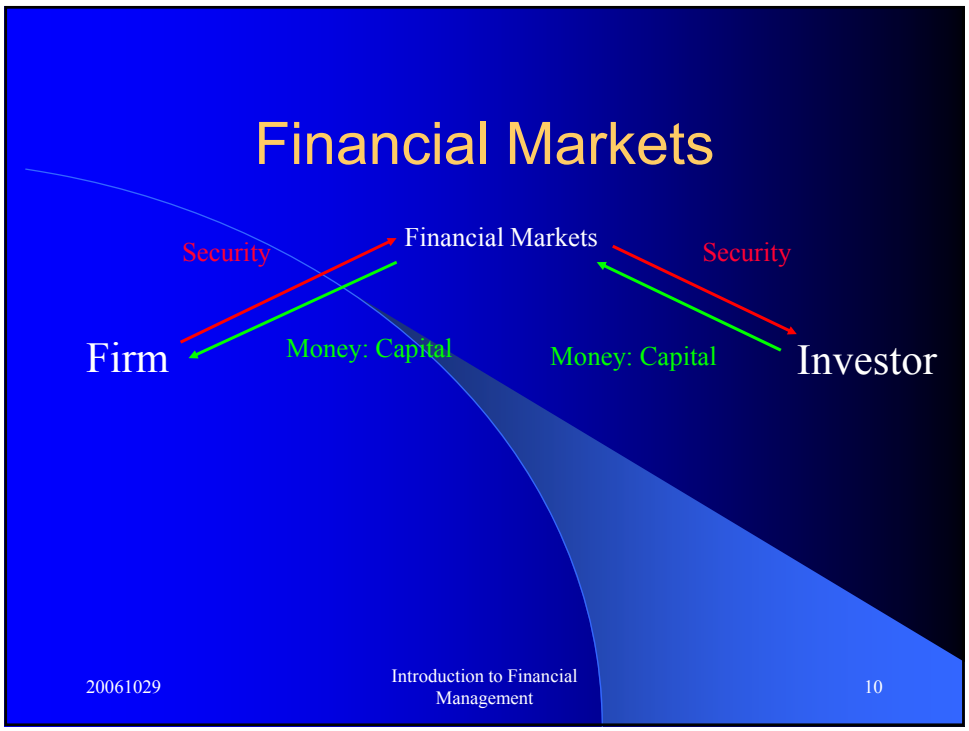
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Money: Capital
Money: Capital
Investor
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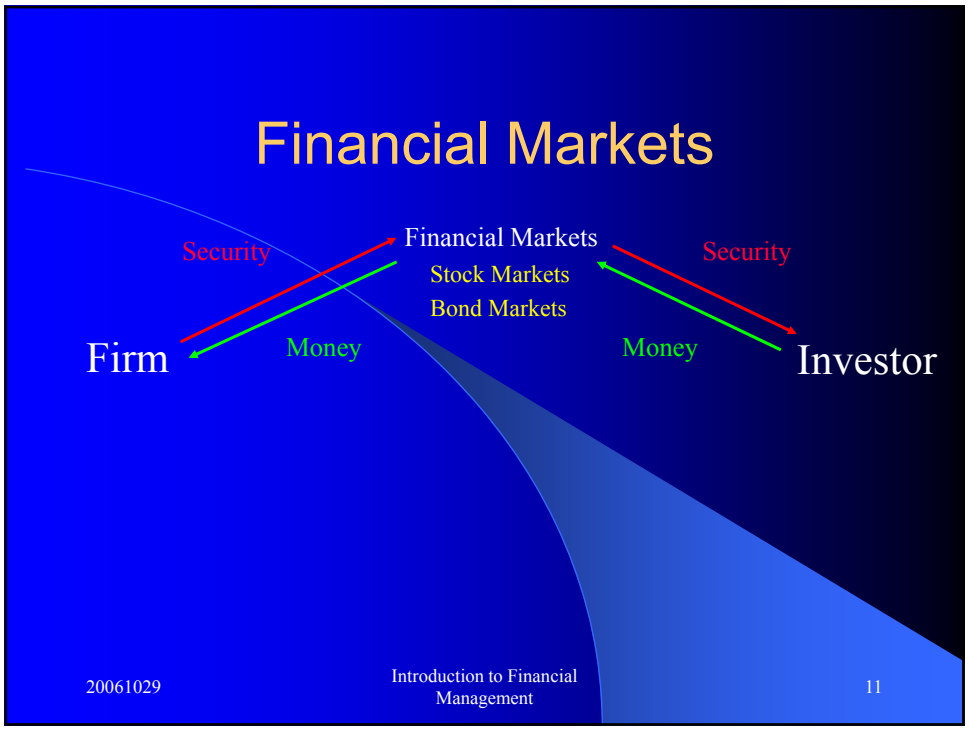
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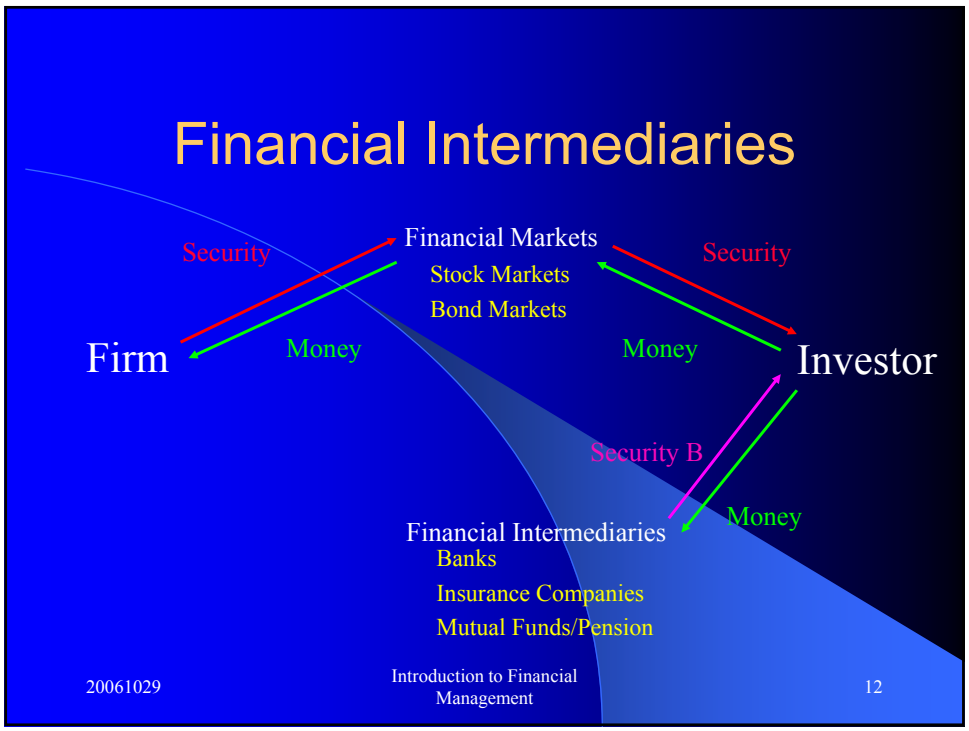
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Stock Markets
Bond Markets
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Banks
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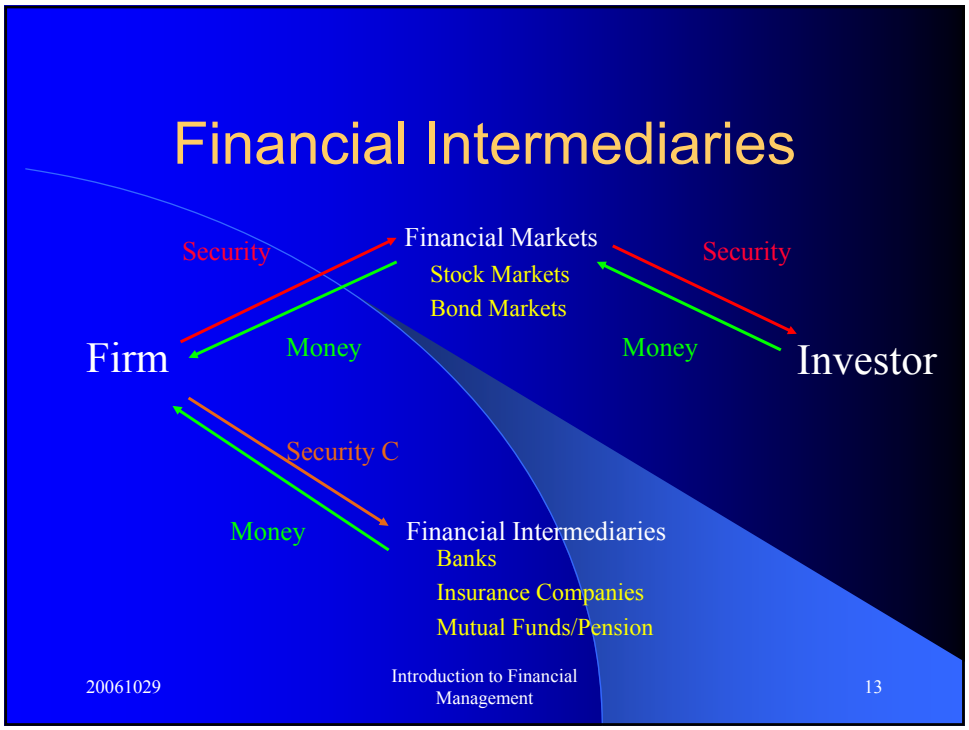
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Insurance Companies
Mutual Funds/Pension
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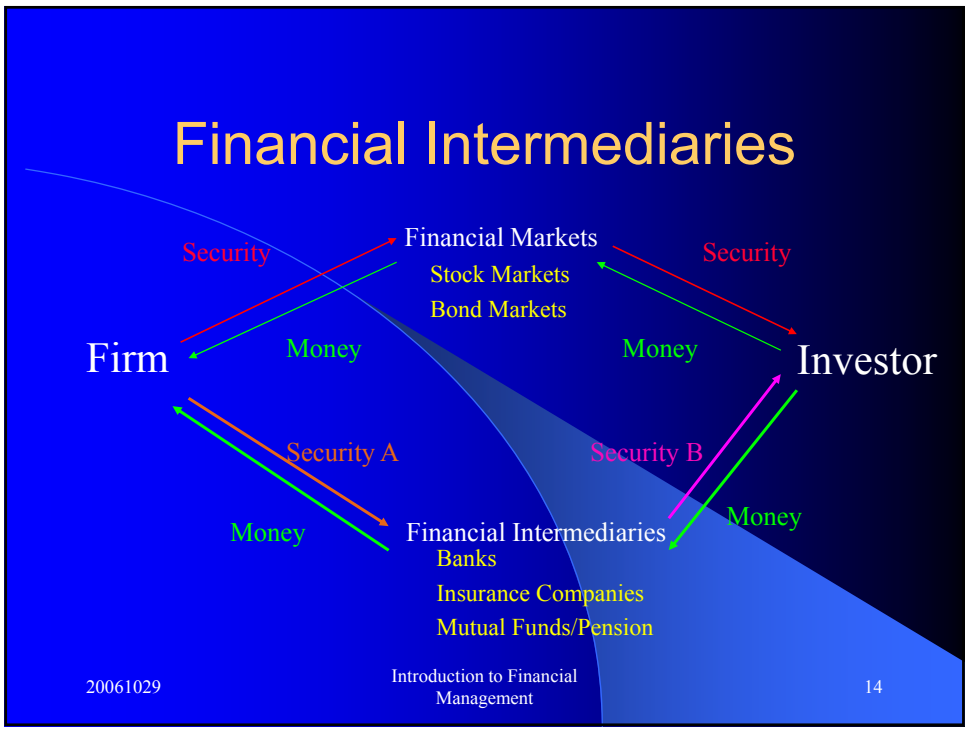
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Banks
Insurance Companies
Mutual Funds/Pension
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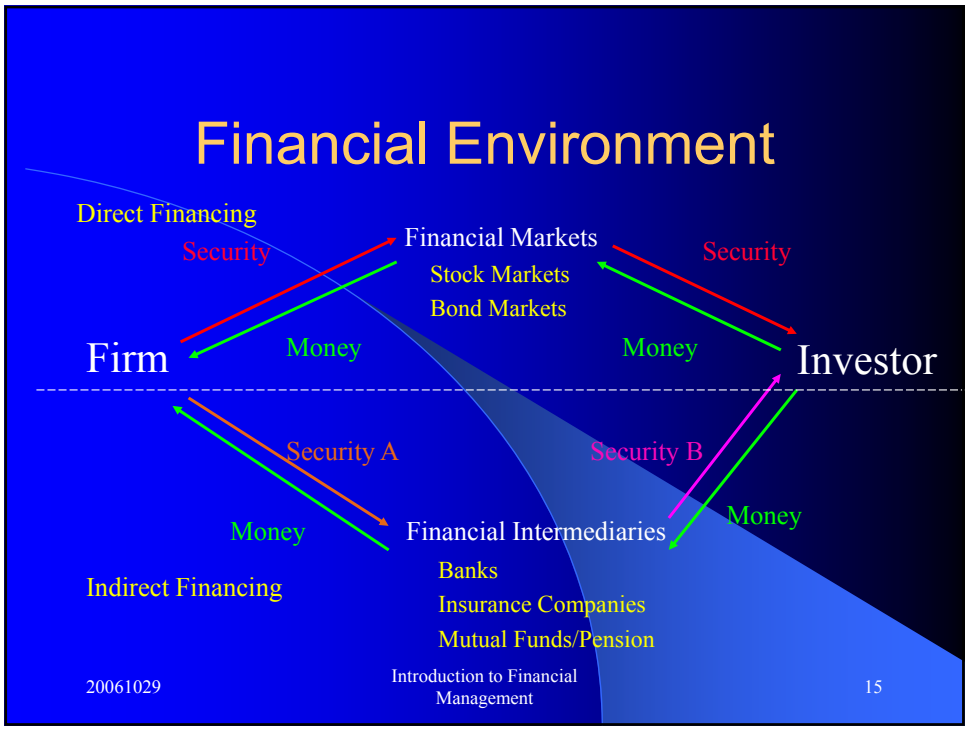
Financial Environment
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Stock Markets
Bond Markets
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Banks
Insurance Companies
Mutual Funds/Pension
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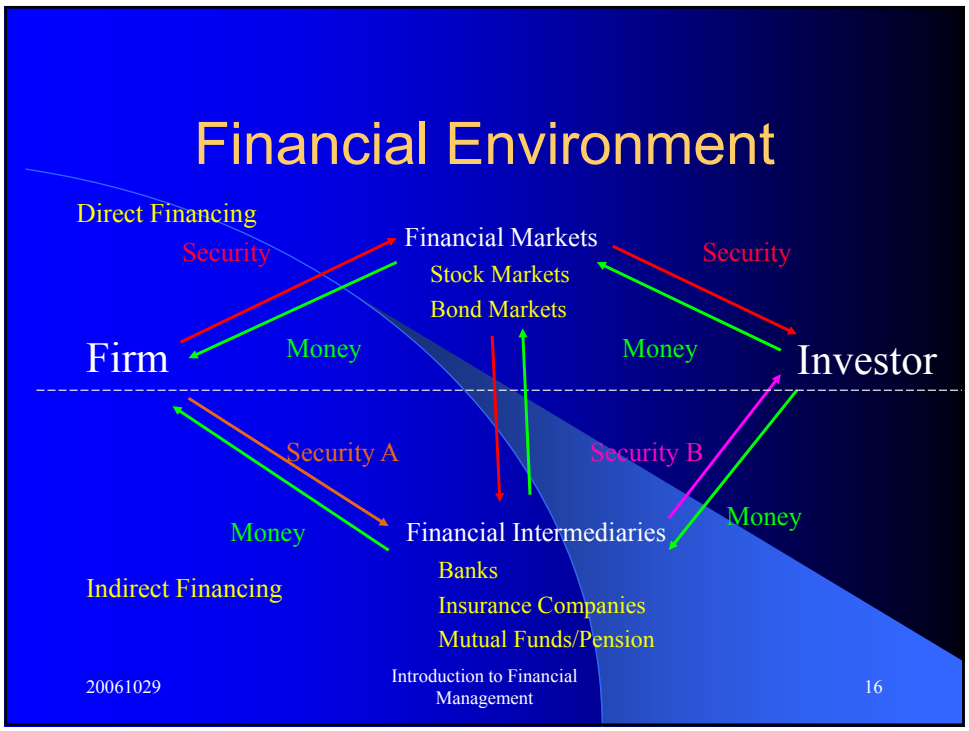
Financial Environment
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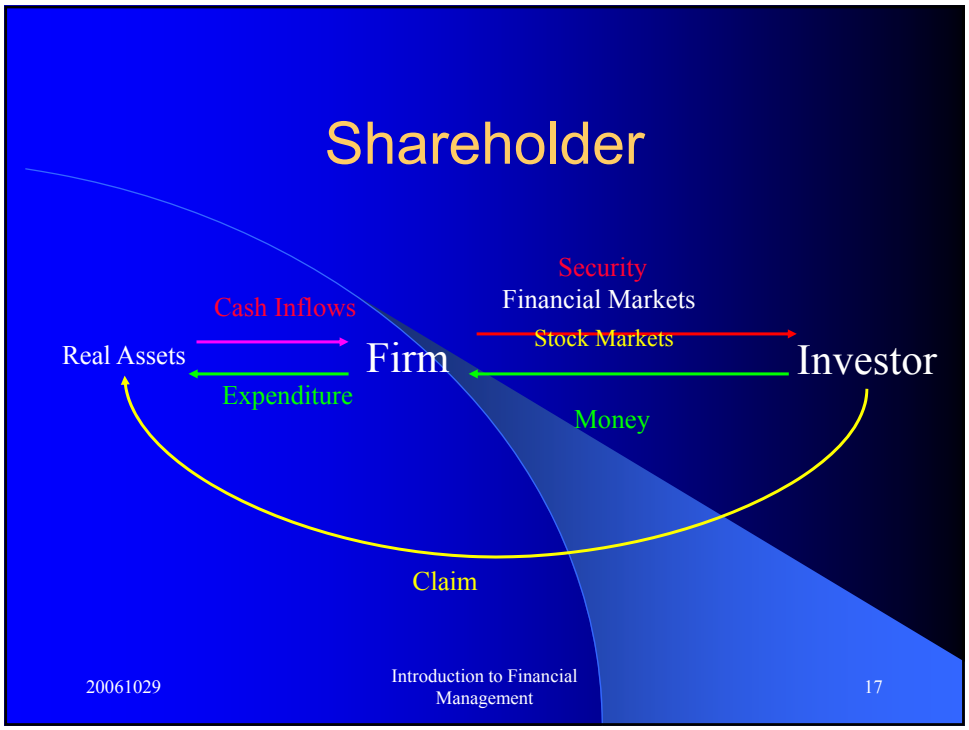
Shareholder
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Financial Markets
Cash Inflows
Stock Markets
Real Assets
Firm
Investor
Expenditure
Money
Claim
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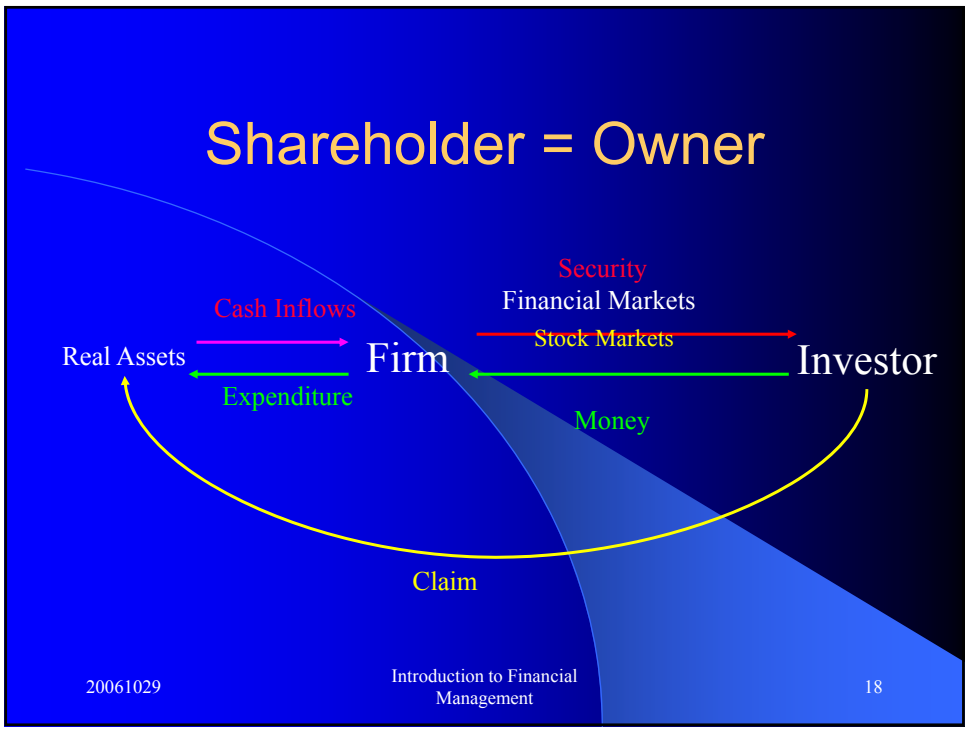
Shareholder = Owner
Security
Financial Markets
Cash Inflows
Stock Markets
Real Assets
Firm
Investor
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Money
Claim
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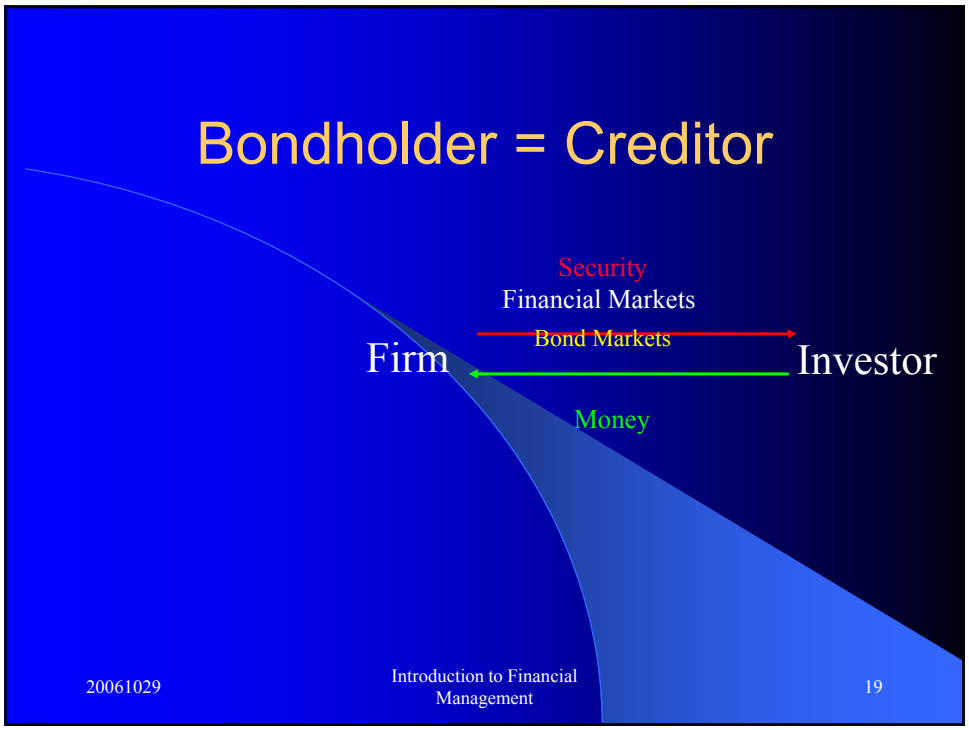
Bondholder = Creditor
Security
Financial Markets
Bond Markets
Firm
Investor
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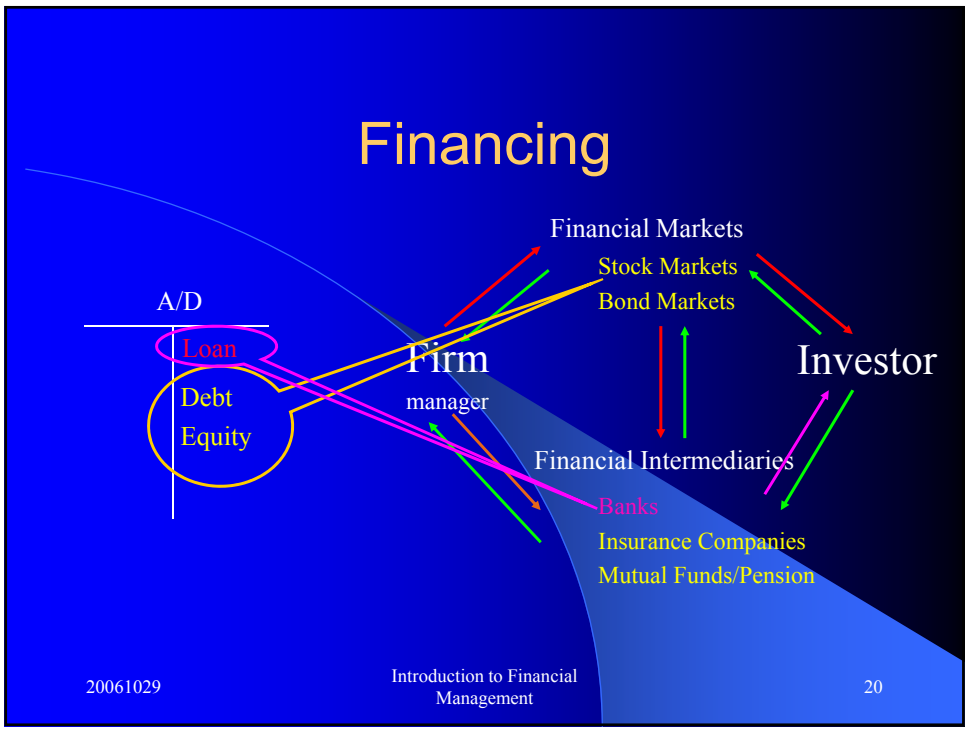
Financing
Financial Markets
Stock Markets
Bond Markets
A/D
Loan
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Equity
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Investor
Financial Intermediaries
Banks
Insurance Companies
Mutual Funds/Pension
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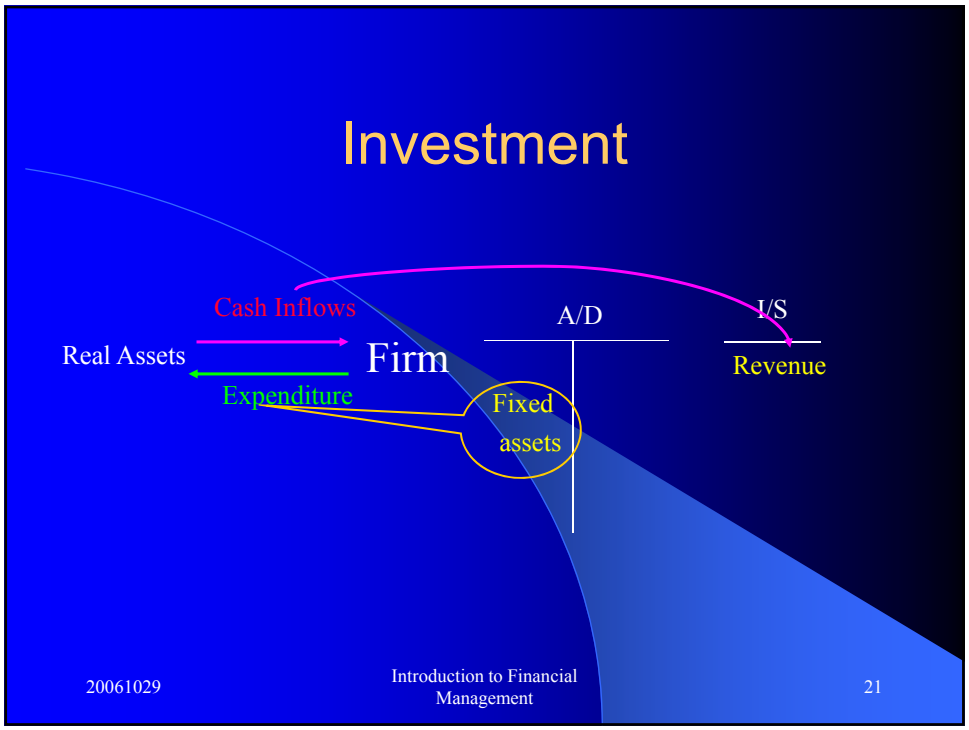
Investment
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Fixed
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I/S
Revenue
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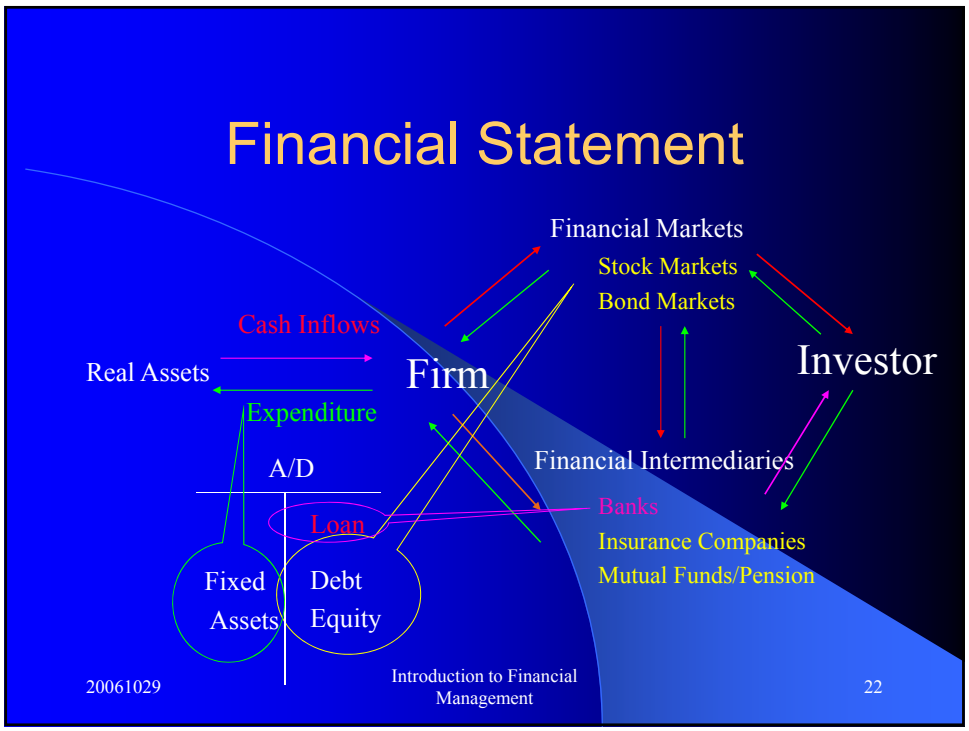
Financial Statement
Financial Markets
Stock Markets
Bond Markets
Cash Inflows
Real Assets
Firm
Expenditure
Investor
A/D
Financial Intermediaries
Loan
Banks
Insurance Companies
Mutual Funds/Pension
Fixed
Assets
Debt
Equity
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Financial Statement -Financial View

A/D

Fixed Assets	Debt Equity

Use To Assets Allocation

Sources From Financing

Financial Management:Scope

Financial Markets
Stock Markets
Bond Markets

Cash Inflows

Real Assets

Firm

Expenditure

Investor

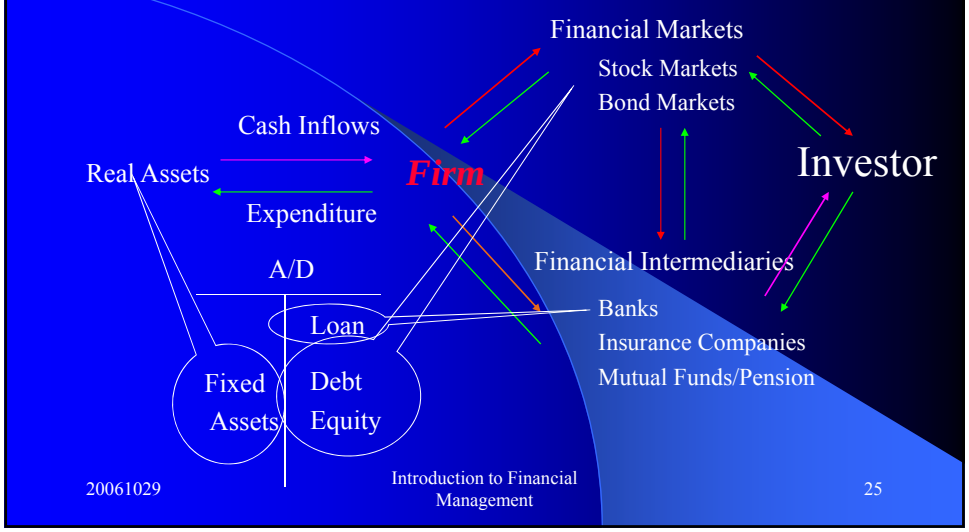
Financial Intermediaries
Banks
Insurance Companies
Mutual Funds/Pension

A/D

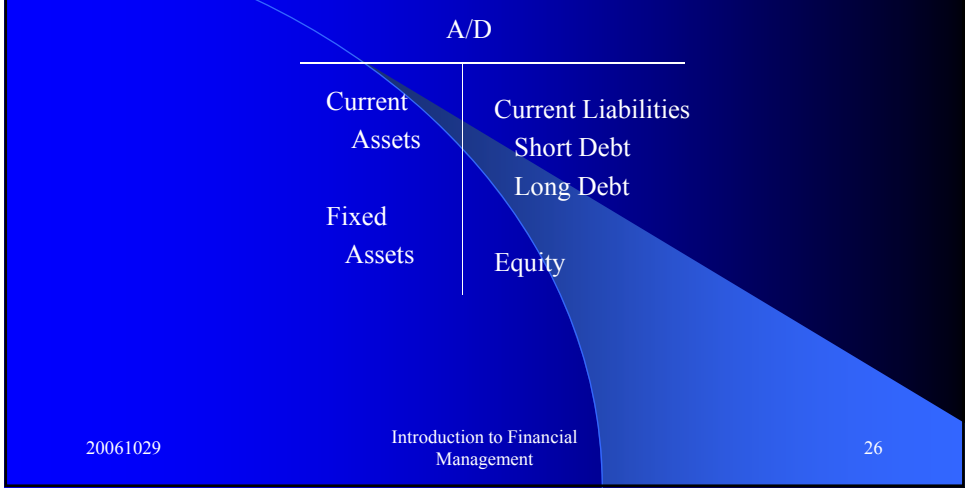
Loan

Fixed Assets	Debt Equity

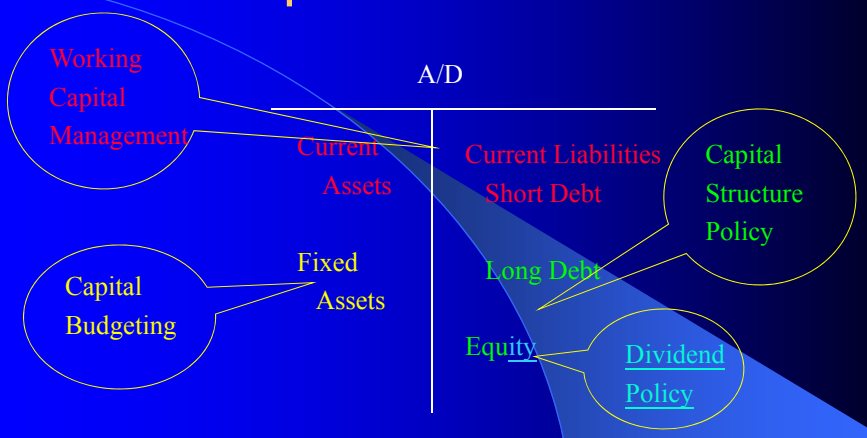
Financial Management: Corporate Finance



Corporate Finance



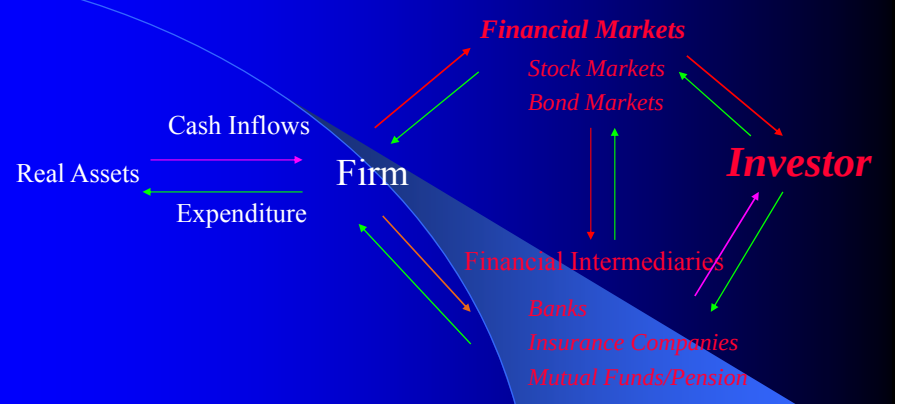
Corporate Finance



Financial Management Decisions

- Capital budgeting
  - What long-term investments or projects should the business take on?
- Capital structure
  - How should we pay for our assets?
  - Should we use debt or equity?
- Working capital management
  - How do we manage the day-to-day finances of the firm?

Financial Management: Investment



Investment

- 投資的目的：
- 犧牲現在的享受，換取未來更好的享受

Investment

- 犧牲現在的享受，換取未來更好的享受

Time

Tradeoff

Utility

Investment

- 犧牲現在的享受，換取未來更好的享受

Time

Tradeoff

Utility

Risk

Investment

- 犧牲現在的享受，換取未來更好的享受

Certainty

Uncertainty

Risk

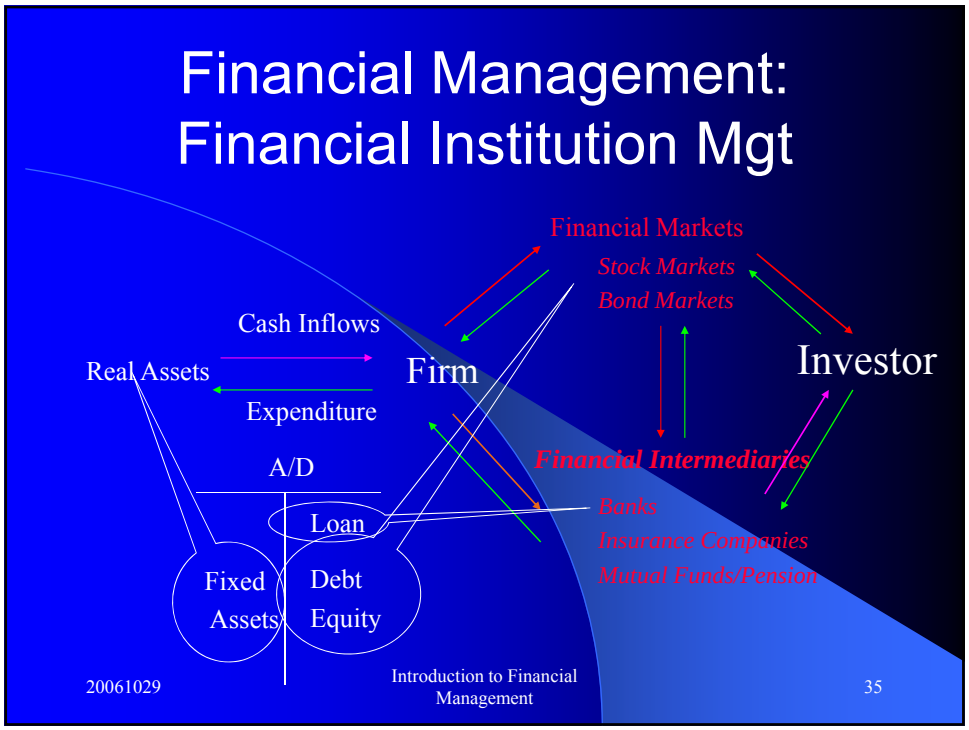
Investment

- 犧牲現在的享受，換取未來更好的享受

Certainty

Uncertainty

Risk Premium


Financial Management:
Financial Institution Mgt
Financial Markets
Stock Markets
Bond Markets
Cash Inflows
Real Assets
Firm
Investor
Expenditure
A/D
Financial Intermediaries
Loan
Banks
Insurance Companies
Mutual Funds/Pension
Fixed
Assets
Debt
Equity
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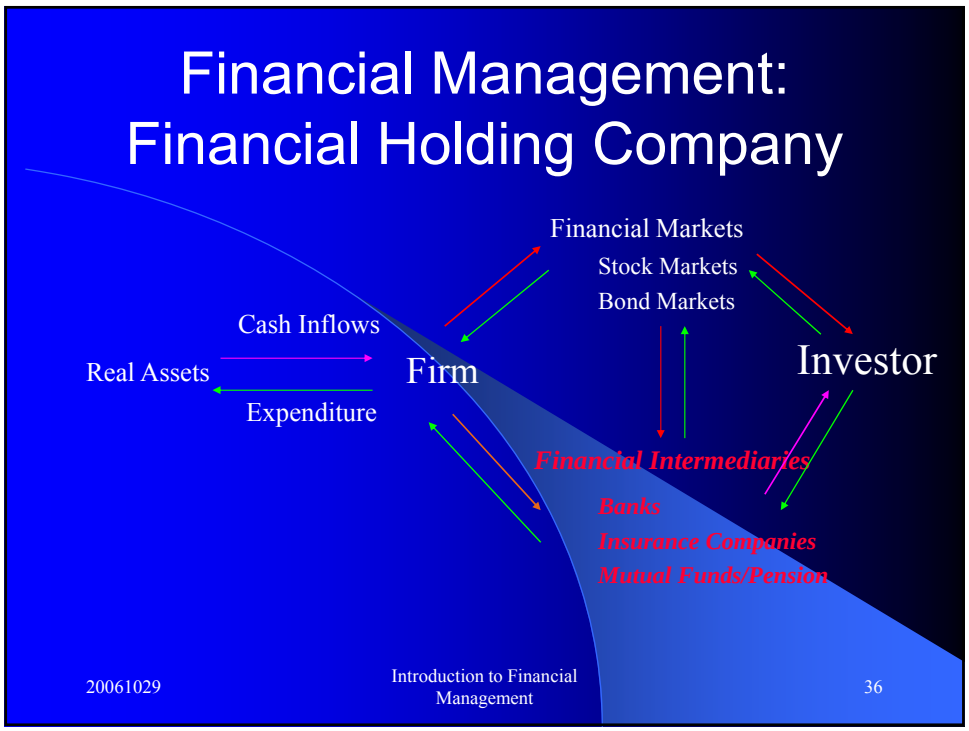
Financial Management:
Financial Holding Company
Financial Markets
Stock Markets
Bond Markets
Cash Inflows
Real Assets
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Expenditure
Financial Intermediaries
Banks
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Forms of Business Organization

- Three major forms in the United States
  - Sole proprietorship
  - Partnership
    - General
    - Limited
  - Corporation
    - S-Corp
    - Limited liability company