

Course Syllabus MBA504 Financial Management

Course Description

The knowledge of financial principles is advantageous to managers in virtually every discipline in business. This course is designed as an introduction to finance and is the primary prerequisite to MBA 680 (Corporate Financial Theory) which covers more in-depth math topics. The content of this course integrates both conceptual and mathematical information. Cases, comprehensive problems, and current events are analyzed and discussed throughout the course to provide students with hands on experience in the use and application of financial tools.

The basic concepts of the time value of money, valuation and rates of return, cost of capital and capital budgeting are covered. Students will learn how capital markets function, about different types of securities and financing instruments that exist, and how to manage cash flow. Risk, working capital management, leverage, forecasting, and the analysis of financial statements and ratios are given particular attention. This course should provide students with basic financial math skills and an excellent introduction to financial management concepts.

Syllabus is subject to change at any point during the semester. Assigned chapters should be read before class.

Course Topics

- Goals & current issues of the financial manager
- Financial Ethics & Corporate Social Responsibility
- Cash Flow Statements: Creating, analyzing, utilizing
- Financial Statement analysis: financial ratios, DuPont system, measuring company performance
- Financial planning: developing pro formas (forecasts)
- Operating and Financial Leverage: Analyzing tradeoffs & determining optimal balance
- Working Capital Management: Financing working capital & optimal plan, term structure of interest rates, float, inventory mgmt & EOQ, collection policy & discounts, sources of ST financing
- Time Value of Money: Future Value, Present Value, Annuities
- Security Valuation & Rates of Return
- Cost of Capital/WACC
- Project Analysis: Capital Budgeting, Methods of Selecting Capital Projects, Capital Rationing, Impact of Risk on Capital Budgeting
- Capital Markets: exchanges, market efficiency, investment banking, underwriting
- Bonds: markets, yields, prices, interest rates
- Stock Markets: types of securities, rights of common stockholders, rights offerings
- Use of financial calculator for various financial calculations

Required Textbook & Materials

- Foundations of Financial Management (Including accompanying Cases text) by Stanley B. Block, Geoffrey A. Hirt, 13th ed., New York: McGraw Hill, Inc., 2009.
- Financial Calculator – HP12C (preferred)

Course Requirements

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|---|-----|----|---------|----|--------|
| Homework Assignments (Problems & Cases) | 30% | A | 95-100% | C+ | 77-79% |
| Class Participation Discussion Contribution | 10% | A- | 90-94% | C | 73-76% |
| Mid-term Exam | 30% | B+ | 87-89% | C- | 70-72% |
| Final Exam | 30% | B | 83-86% | F | 0-69% |
| | | B- | 80-82% | | |

Case Discussion Contribution – Students will be randomly called on and should voluntarily contribute to the discussions throughout the course. Grading will be based on preparedness to answer the questions and ability to offer additional insight into the issues.

Exams – The exams will be open book and open note

Late Work – Late work will not be accepted. **The contribution grade will be affected by absences.**

Academic Dishonesty and Plagiarism

You must not adopt or reproduce ideas, words, or statements of another person without giving an appropriate acknowledgement to the source. You must give due credit to the originality of others and acknowledge indebtedness wherever you:

- Quotes another person's actual words, either oral or written;
- Paraphrases another person's words, either oral or written;
- Uses another person's ideas, opinions, or theories; or
- Cites facts, statistics, or other illustrative material, unless the information is common knowledge.

All assignments must be your original work and not the work of other students. Neither group work nor the individual work of another student may be submitted by you. Submission of such work will be considered academic misconduct. Incidents of academic misconduct, dishonesty and/or plagiarism will be handled as per the Student Handbook.

Saturdays Fall 2011

Assignment Schedule

| Date | Lecture Topic | Homework |
|--------------|---|--------------------------|
| 8/27 | Ch. 1 – Financial Issues, Goals & Ethics Ch. 2 – Statement of Cash Flows | HW#1 |
| 9/3 | No Class | |
| 9/10 | Ch. 3 – Financial Analysis Ch. 4 – Financial Forecasting | HW#2 Case 2 |
| 9/17 | Ch. 5 – Leverage | HW#3 Case 3 |
| 9/24 | Ch. 6 – Working Capital Financing | HW#4 Case 4 |
| 10/1 | Ch. 7 – Current Asset Management | HW#5 Case 9 |
| 10/8 | Ch. 8 – ST Financing | HW#6 Case 6 |
| 10/15 | Mid-Term Exam | |
| 10/22 | Ch. 9 – Time Value of Money Ch. 10 – Valuation & Rates of Return | HW#7 Case 10, 14 |
| 10/29 | Ch. 11 – Cost of Capital Ch. 12 – Capital Budgeting Ch. 13 – Risk & Capital Budgeting | HW#8 Case 13, 15, 17, 20 |
| 11/5 | Ch. 14 – Capital Markets Ch. 15 – Investment Banking | HW#9 Case 16, 21 |
| 11/12 | Ch. 16 - Debt Financing | HW#10 Case 23 |
| 11/19 | No class | |
| 11/26 | Thanksgiving | |
| 12/3 | Ch. 17 – Equity Financing | HW#11 Case 23 |
| 12/10 | Review | |
| 12/17 | Final Exam | |