

FIN 5405
Financial Management

Course Syllabus
Summer 2018 Term

COURSE INSTRUCTOR

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COURSE OVERVIEW AND OBJECTIVES

This course is the first of two courses of the finance core. Taken together, these two courses are designed to serve two purposes. First, every business masters student should be familiar with a set of financial concepts and tools that are essential to managing a business. Finance 5405 and FIN 6425 expose all students - regardless of their intended concentration - to a body of information that will help them to succeed as general managers. Second, these two courses provide a foundation for students planning to take further elective courses in finance, insurance, and real estate.

The format of this course is primarily lecture and discussion, with real-world assignments to make the linkage with business operations and to gauge your understanding of the material. The topics presented often involve detailed numerical calculations, which may be intimidating to some students. While this “number crunching” is essential to ensure that you can analyze the data systematically, the more important purpose of the finance core is to instill in students a useful set of concepts and a reference framework that can be used to evaluate business decisions in a rational, coherent manner.

Financial Management is intended to provide students with:

- An understanding of selected key finance concepts,
- An opportunity to discuss contemporary financial events as they occur, and
- An appreciation of the challenges in applying financial concepts to real-world situations.

COURSE MATERIALS

1. The primary text for the course will be Brigham and Ehrhardt, *Financial Management*, 14th Edition. Referenced in the schedule as “BE.” You can use the 13th or 12th editions without any loss of information, although the order of the chapters may be different. There is also a newer 15th Edition, which will work as well.
2. Excel/Calculator. You must have access to Excel or a financial calculator to get through the course. Many of the exam and course problems involve complex financial calculations. Excel is an extremely useful tool and I highly encourage its use.

I will also use press clippings from various periodicals and videos during the course. Links to these will be posted in E-Learning.

COURSE GRADES

You will be able to access course grades through the Grade Book function of E-Learning. Course grades will be calculated using the following weights:

Homework (2)	200
Midterm Exam	400
Final Exam	<u>400</u>
	1000

Final course grades will be determined based on relative standing in the course. Roughly, the top 40% will get an A or an A-, and the next 60% will get a B+, B, or a B-. I tend to give B- or worse in situations where a student's total points are over 1.5 standard deviations below the class mean points. Exams tend to be difficult, with a class average between 50% and 60%.

HOMEWORK

After each the first and third weekend sessions, I will assign homework (a case) to be completed in your teams. The assignment will be due one week before we meet, following the calendar. The completed homework will be submitted in E-Learning.

For the second HW assignment, peer evaluations are required. A 20-point penalty will be assigned for a peer evaluation late by less than 24 hours. After that, a 50-point penalty will be assigned for failure to complete the peer evaluation. This is a critical component of this class. All peer reviews will be completed on the required form and posted to the class website. Peer review assignments will be posted to the class website in E-Learning, along with the required form for completing the assignment.

MIDTERM AND FINAL EXAM

The schedule indicates the date of the midterm exam and the final exam. Each exam will consist of multiple choice or short-answer questions. Be sure you have a calculator with you (Excel is preferred). There are no make-ups. If you miss the midterm with a valid excuse, the final exam will be worth 800 points. If not excused, the midterm will count as zero. Everyone must take the final exam.

For each exam, you are permitted to use Excel or a financial calculator. For Excel, any pre-saved worksheets are acceptable. In general, anything saved to your laptop prior to the start of the exam is also acceptable. I will also provide some formulas, ratios, etc. That will be downloaded prior to the exam from E-Learning.

ACADEMIC HONESTY

The University of Florida Policy on Course Syllabi requires a section on academic honesty to be included in all syllabi:

The Academic Honesty Guidelines at the University of Florida are designed to develop and engender a community of honor, trust and respect. The academic community of students and faculty at the University of Florida strives to develop, sustain and protect an environment of honesty, trust and respect. Students within the system receive the benefits of the academic pursuit of knowledge, free from the obstacles of lying, cheating and stealing. In return, the Academic Honesty Guidelines demand that students act with integrity in all of their endeavors. Exhibiting honesty in academic pursuits and reporting violations of the Academic Honesty Guidelines will encourage others to also act with integrity. Every student who approaches their studies with honesty and forthrightness suffers when another student attains an unfair advantage by cheating.

An academic honesty offense is defined as the act of lying, cheating, or stealing academic information so that one gains academic advantage. As a University of Florida student, one is expected to neither commit nor assist another in committing an academic honesty violation. Additionally, it is the student's duty to report observed academic honesty violations.

In this course, exams must be completed as individual exercises. You may not work with others in any capacity on these.

STUDENTS WITH DISABILITIES

Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation.

COURSE SCHEDULE

Day, date Topics, Cases, Readings, Assignments

Session 1 Financial Statements and TVM

Sunday, April 22nd, 1p - 5p

Topics

- BE, Chapter 2-3 - Financial Statements, Free Cash Flow, and Ratios
- BE, Chapter 4 - Time Value of Money (start)

HW #1

- HW Case 1 assigned; due Sunday, May 6th (Polar Sport)
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Session 2 TVM, Rates, Bond Valuation, and R&R

Saturday, May 12th, 1p - 5p

Topics

- BE, Chapter 4 - Time Value of Money
 - BE, Chapter 5 - Bonds, Bond Valuation, and Interest Rates
 - BE, Chapter 6 - Risk, Return, and CAPM
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Session 3 R&R and Portfolio Theory

Sunday, May 13th, 1p - 5p

Topics

- BE, Chapter 6 - Risk, Return, and CAPM
- BE, Chapter 24 - Portfolio Theory

Sample Midterm

- Sample Midterm posted
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Session 4 IPOs & Equity Pricing

Saturday, June 9th, 1p - 5p

Topics

- BE, Chapter 7 – IPOs & Stock Valuation

Midterm Exam

- Session 1, 2 & 3 and HW material (1:00p - 3:00p)
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Session 5 IPOs, Equity Pricing, and WACC

Sunday, June 10th, 1p - 5p

Topics

- BE, Chapter 7 - IPOs & Stock Valuation
- BE, Chapter 9 - W.A.C.C.

HW #2

- HW Case 2 assigned; due Sunday, July 8th (Thompson Asset Mgmt)

HW #2 Peer Eval

- HW 2 Peer Eval due Sunday, July 15th at the end of class (5:00p), posted to Canvas
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Session 6 WACC and Project Valuation

Saturday, July 14th, 1p - 5p

Topics

- BE, Chapter 9 - W.A.C.C.
 - BE, Chapter 10 - Basics of Capital Budgeting
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Session 7 Project Valuation

Sunday, July 15th, 1p - 5p

Topics

- BE, Chapter 10 - Basics of Capital Budgeting
 - BE, Chapter 11 - Cash Flow Estimation
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Session 8 Final Exam

Saturday, August 4th, 1p - 3p
