

FIN 5405  
Financial Management

Course Syllabus  
Summer 2021 Term

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**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 master's 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 usual 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. For this summer, we will modify this to use recorded topics and live Zoom session to go over problems. The topics presented often involve detailed numerical calculations, which may be intimidating to some students (usually not OEM 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*, 16th Edition. Referenced in the schedule as “BE.” You can use the 13<sup>th</sup> or 12<sup>th</sup> editions without any loss of information, although the order of the chapters may be different. There is also a newer 16<sup>th</sup> Edition, which will work as well.
2. Harvard cases. We will utilize two cases from Harvard Business School Publishing to drive home some of the class concepts. A link to the package will be in Canvas.
3. Excel. You must have access to Excel to get through the course. Many of the exam and course problems involve complex financial calculations.

All UF students have access to Excel via Office 365 for free:  
<https://it.ufl.edu/services/gatorcloud-microsoft-office-online>

## COURSE GRADES

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

Team Case Assignments (2)	200
Midterm Exam	400
Final Exam	<u>400</u>
	1000

Final course grades will be based on the following numeric scale:

Minimum Points	Course Grade
850	A
800	A-
750	B+
700	B
650	B-
600	C+
550	C
500	C-
450	D+
400	D
350	D-

Cuts may be lowered based on relative course standing. 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%.

## TEAM CASE ASSIGNMENTS

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. 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 free response questions. If you must miss either exam as scheduled, a make-up must be arranged. The exam will be in Canvas utilizing either ProctorU or Honorlock. Details will be available closer to the actual exam dates.

For each exam, you are permitted to use Excel. 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
<b>April</b>	<p><b>Financial Statements and TVM</b></p> <p><b>Topics</b></p> <ul style="list-style-type: none"> <li>• BE, Chapter 2-3 - Financial Statements, Free Cash Flow, and Ratios</li> <li>• BE, Chapter 4 - Time Value of Money (start)</li> </ul> <p><b>Case #1</b></p> <ul style="list-style-type: none"> <li>• Case 1 assigned; due Saturday, May 8<sup>th</sup> (Polar Sport)</li> </ul>
<b>May Part 1</b>	<p><b>TVM, Rates, Bond Valuation</b></p> <p><b>Topics</b></p> <ul style="list-style-type: none"> <li>• BE, Chapter 4 - Time Value of Money</li> <li>• BE, Chapter 5 - Bonds, Bond Valuation, and Interest Rates</li> </ul>
<b>May Part 2</b>	<p><b>R&amp;R and Portfolio Theory</b></p> <p><b>Topics</b></p> <ul style="list-style-type: none"> <li>• BE, Chapter 6 - Risk, Return, and CAPM</li> <li>• BE, Chapter 24 - Portfolio Theory</li> </ul>
<b>June Part 1</b>	<p><b>Equity Pricing</b></p> <p><b>Topics</b></p> <ul style="list-style-type: none"> <li>• BE, Chapter 7 – Stock Valuation</li> </ul> <p><b>Midterm Exam 1</b></p> <ul style="list-style-type: none"> <li>• April &amp; May material Sunday, June 13, 1:00p - 3:00p</li> </ul>

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<b>June Part 2</b>	<b>WACC</b>	
	<b>Topics</b>	<ul style="list-style-type: none"> <li>• BE, Chapter 9 - W.A.C.C.</li> </ul>
	<b>Case #2</b>	<ul style="list-style-type: none"> <li>• Case 2 assigned; due Saturday, July 3<sup>rd</sup> (Thompson Asset Mgmt)</li> </ul>
	<b>Case #2 Peer Eval</b>	<ul style="list-style-type: none"> <li>• Case 2 Peer Eval due Sunday, July 11<sup>th</sup> at 11:59p, posted to Canvas</li> </ul>

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<b>July</b>	<b>Project Valuation</b>	
	<b>Topics</b>	<ul style="list-style-type: none"> <li>• BE, Chapter 10 - Basics of Capital Budgeting</li> <li>• BE, Chapter 11 - Cash Flow Estimation</li> </ul>

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<b>August</b>	<b>Midterm Exam 2</b>	
	<b>Saturday, August 8th, 1:00p - 3:00p</b>	

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