

**Financial Management
MBA 504
Course Syllabus**

Instructor
Joe Martin

Email: jmartin@uindy.edu

Phone: 692-7504

Course Description

All managers are required to possess a basic understanding of finance and financial management. This course is designed as an introduction to finance via conceptual thinking, basic financial analysis, financial calculations, and capital markets. The course is intended as the primary prerequisite to MBA 680 as well as to the core curriculum.

The course covers basic concepts in financial analysis, the time value of money, security valuation, rate of return, cost of capital, and capital budgeting. Students will learn how capital markets function, what different securities and financing instruments exist, and how to manage cash flow. Particular attention is given to understanding risk, working capital, leverage, forecasting and the analysis of financial statements and ratios. Projects and current events are used throughout the course to provide students with hands on experience in the use and application of financial tools.

Unlike other finance courses, the content of this course is ½ conceptual and ½ mathematical. In-depth math topics and case analysis are covered in MBA 680. This course should provide students with basic financial and math skills and an excellent introduction to financial management concepts.

Course Topics

- Functions & goals of the financial manager
- Ethical considerations of the financial manager
- Cash Flow Statements: Creating, analyzing, utilizing
- Financial Statement analysis: financial ratios, measuring company performance
- Financial planning: developing pro formas
- Operating and Financial Leverage: Analyzing tradeoffs & determining optimal balance
- Working Capital Management: long-term vs. short-term financing, term structure of interest rates, cash budgets, float, credit analysis, terms of sale, collection policy
- Time Value of Money: Future Value, Present Value, Annuities
- Security Valuation & Rates of Return
- Cost of Capital
- Capital Project Analysis: Capital Budgeting, Methods of Selecting Capital Projects, Capital Rationing, Impact of Risk on Capital Budgeting
- Capital Markets: exchanges, market efficiency, investment banking, underwriters, private placement
- Bonds: markets, yields, prices, interest rates
- Stock Markets: types of securities, rights of common stockholders
- Use of financial calculator for various financial calculations

Required Textbook & Materials

Foundations of Financial Management by Stanley B. Block, Geoffrey A. Hirt, 12th ed., New York: McGraw Hill, Inc.

Financial Calculator – HP12C (required for Finance majors) or TI-BA

Access to Computer with Spreadsheet & Presentation Programs

Course Requirements

Mid-Term Exam	25%
Final Exam	25%
Homework/Quizzes	25%
Team Project	25%

Grading Scale

A	90% +
B	80-89%
C	70-79%
D	60-69%

Team Project – see separate document

Course Outline & Assignments

Class	Chapters	Topics	Homework Due
1	1,2	Functions & Ethical Considerations of Financial Managers Forms of Organizations Role of Financial Markets Review of Accounting	
2	3,4	Financial Analysis - Ratios Pro Forma Income Statement Cash Budget Pro Forma Balance Sheet	2-1,3,11,17,19,21,24,25
3	5	Operating Leverage – Breakeven Analysis, Contribution Margins Financial Leverage	3-1,6,9,14,19,22,24 4-3,5,14
4	6	Working Capital ST vs. LT Working Capital Financing Term Structure of Interest Rates Optimal Financing Policy	5-1,5,6 Team Project Summary
5	7,8	Cash Management A/R Management Inventory Management Sources of Short-Term Financing	6-1,6,7
6		Mid-Term Exam Review	7-1,3,5,6,7,13 8-2,4,6,9,11
7	9	Mid-Term Exam Future Value Present Value Annuities	
8	10	Bond Valuation – Yield to Maturity Risk & Required Rates of Return Preferred Stock Valuation – perpetuity Common Stock Valuation – Dividend Valuation Models	9-2,4,10,11,13,16,17,22

9	11	Cost of Debt – Tax Impact Cost of Preferred Stock – Floatation Costs Cost of Existing & New Common Stock Capital Asset Pricing Model (CAPM) Optimal Capital Structure Capital Budgeting & Cost of Capital Marginal Cost of Capital	10-1,2,3,4,5,10,11 19,21,25,26
10	12	Payback, IRR, NPV Capital Rationing NPV Profile	11-2,4,7,11,13,14,17
11	14,15	Capital Markets Exchanges, OTC Market Efficiency Regulation of Security Markets Role & Function of Investment Banker Spread, Pricing the Security Public vs. Private Financing	12-5,6,7,8,9,10,12,13
12	16,17	Debt Contract – par value, coupon rate, maturity date, secured debt vs. debentures Bond Prices, Yields, & Ratings Advantages & Disadvantages of Debt Leasing vs. Buying Rights of Common Stockholders – voting methods, rights, poison pills Preferred Stock Financing – tax benefits	See discussion questions- both chapters
13		Financial Project Presentations	
14		Financial Project Presentations	
15		Final Exam	