

University of Indianapolis
 School of Business – MBA Program
 MBA504 – Financial Management
 Semester II 2008/09 – 3 Credits
 Thursday 5:45-8:45pm
 Esch Hall #252

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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.

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% |
| Case 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% | D+ | 67-69% |
| | | B- | 80-82% | D | 63-66% |
| | | | | D- | 60-72% |
| | | | | F | Below 60% |

Homework Assignments – Homework problems & cases will be checked before class and given credit based on completion

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

Exams – The exams will be open book and open note

Late Work – Late work will not be accepted. However, the lowest homework grade will be dropped. You may email homework to me before class if necessary. The contribution grade will be affected by absences.

Assignment Schedule

| Date | Lecture Topic | Case Discussion |
|---------------------------|---|---|
| January 15 th | Ch. 1 – Financial Issues, Goals & Ethics Ch. 2 – Statement of Cash Flows | |
| January 22 nd | Ch. 3 – Financial Analysis | Ch. 2 – Problems #27-29 (in text) Ethics Paper |
| January 29 th | Ch. 4 – Financial Forecasting | Case #2 (in cases supplement) |
| February 5 th | Ch. 5 – Leverage Ch. 7 – Current Asset Management | Ch. 4 – Comp Problem #2 |
| February 12 th | Ch. 6 – Working Capital Financing Ch. 8 – ST Financing | Case #4 Case #6 |
| February 19 th | Mid-Term Review | Case #9 Ch. 7 – Problems #2, 12, 13 Ch. 8 – Problem #19, 20 |
| February 26 th | Mid-Term Exam | |
| March 5 th | Ch. 9 – Time Value of Money Ch. 10 – Valuation & Rates of Return | |
| March 12 th | Spring Break – No Class | |
| March 19 th | Ch. 11 – Cost of Capital | Case #10 Ch. 9 – Problems #4, 8, 18, 30, 31, 34, 35 Ch. 10 – Problems #11, 15, 17, 23, 30, 32 |
| March 26 th | Ch. 12 – Capital Budgeting | Case #14 |
| April 2 nd | Ch. 13 – Risk & Capital Budgeting | Case #16 Ch. 12 – Problem #27 |
| April 9 th | Ch. 14 – Capital Markets Ch. 15 – Investment Banking | Case #19 |
| April 16 th | Ch. 16 – Debt Financing Ch. 17 – Equity Financing | Case #15 Case #20 |
| April 23 rd | Final Review | Case #22 Ch. 17 – Problem #15 Ch. 16 – Problems #3, 10, 11, 12 |
| April 30 th | Final Exam | |