

Course	FINC 5000 / NL / Finance	
Term	Fall 1, 2009 – Wednesday – 6:00 pm – 10:00 pm 8/19, 8/26, 9/2, 9/9, 9/16, 9/23, 9/30, 10/7, 10/14	
Instructor	Name: T. C. Collins Home Phone: (904) 819-0686 Work Phone: TBA Email: tcollins@webster.edu	
Catalog Description	The student examines the general nature of financial management, the American financial system, taxes, and the major financial decisions of corporations. Specific attention is given to present value and capital budgeting; risk and asset pricing; financial analysis and forecasting; financial decisions and market efficiency; and capital structure. Problem-solving methodology is used to illustrate the theories and tools in financial decision-making.	
Prerequisites	Prerequisites: BUSN 5600 and BUSN 5760. (FINC 5570 cannot be substituted for FINC 5000.)	
Course Level Learning Outcomes	Outcome	Expectation
	1. Students can determine the value of fixed income securities	Students can use equations and financial calculators to solve for all variables within the bond pricing equation.
	2. Students can determine the value of equity securities	Students can compute the value of equity using the Gordon Growth Model.
	3. Students can discuss market functioning and the role efficient markets play in security valuation	Students can identify the three levels of market efficiency, and are able to distinguish between the three when presented with a scenario.
	4. Students can evaluate capital budgeting decisions using standard methodologies	Students can employ NPV, IRR, and payback methods to analyze potential capital investments.

	<p>5. Students can explain the impact of capital structure decisions on financial performance and the cost of capital</p>	<p>Students can explain the affect of varying the firm's debt and equity levels on the weighted average cost of capital.</p>
	<p>6. Students can identify agency problems within a corporation and formulate strategies to address them</p>	<p>Students can explain the conflicts of interest that exist between shareholders and managers in firms with less than 100% ownership by the manager of the firm. They can discuss a methods used by corporations (profit sharing, employee stock options, takeovers, etc.) to align manager and shareholder interests.</p>
	<p>7. Students can evaluate credit and interest rate risk</p>	<p>Students can explain the impact of interest rate risk on risk premiums. They can discuss factors which increase interest rate risk.</p>
	<p>8. Students can utilize financial analysis to assess an organization's financial condition</p>	<p>Students can compute ratios from the information on financial statements. The ratios are in the categories of liquidity, profitability, market valuation, and efficiency. Students can apply the DuPont Model.</p>
<p>Materials</p>	<p>Brigham, E.F., and Ehrhardt, M.C. (2007). Financial Management, Theory and Practice. (12th Edition). South-Western. ISBN# 0-324-42269-5 with Thomson ONE - Business School Edition 1-Year Printed Access Card. ISBN# 13: 978-0-324-42269-6</p> <p>To Order Textbooks go to the local North FL website www.webster.edu/jack and click on Order Textbooks to select a vendor</p> <p>Note: Textbooks must be ordered 2 weeks prior to class to ensure delivery</p> <p>Supplemental Reading:</p> <ul style="list-style-type: none"> • Current financial publications and literature, including but not limited to the <u>Wall Street Journal</u>, <u>Barron's</u>, <u>Investor's Business Daily</u> and <u>Business Week</u>. • An accounting textbook similar to that used in BUSN 5600 for readings on financial accounting concepts as needed. • Financial calculator handbook for instructions on calculating present and future values for lump sums, annuities and uneven cash flows. Please bring the handbook to class. • Research Paper Guidelines and Sample Paper: See website @ www.webster.edu/jack and click on the Student Resources category. 	

Grading	Assignments	Maximum Points																
	<ul style="list-style-type: none"> • 1st Research Paper/Presentation w/Passports 10 Points • 2nd Research Paper/Presentation w/Passports 10 Points • Current Events Session Assignment / Discussion 5 Points • Exams (3 @ 15) 45 Points • Final Exam (Project & Presentation) 20 Points • Class Participation and Attendance <u>10 Points</u> 																	
	TOTAL	100 Points																
<p>Letter grades will be assigned pursuant to the following scores based on the percent of the total possible points (weighted according to the scale above) that you earned in the cour5/28, 6/04, 6/11, 6/18, 6/25, 7/02, 7/09, 7/16, & 7/23 se.</p>																		
<table border="1"> <thead> <tr> <th>Percentage of Total Points</th> <th>Grade</th> </tr> </thead> <tbody> <tr> <td>95%-100%</td> <td>A</td> </tr> <tr> <td>90%-94%</td> <td>A-</td> </tr> <tr> <td>88%-89%</td> <td>B+</td> </tr> <tr> <td>84%-87%</td> <td>B</td> </tr> <tr> <td>80%-83%</td> <td>B-</td> </tr> <tr> <td>70%-79%</td> <td>C</td> </tr> <tr> <td>Below 70%</td> <td>F</td> </tr> </tbody> </table>			Percentage of Total Points	Grade	95%-100%	A	90%-94%	A-	88%-89%	B+	84%-87%	B	80%-83%	B-	70%-79%	C	Below 70%	F
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<p>Activities</p>	<p>1st and 2nd Research Paper & Presentations:</p> <ul style="list-style-type: none"> • Each student will prepare two research papers utilizing but not limiting research to Passports. Each paper will be worth 7.5 % and each presentation will be worth 2.5% of the final grade. • Papers should be MINIMUM 3-5 pages in length, typed and double-spaced. Presentations should be concise and not exceed 5 minutes. • A MINIMUM of five (5) resources, of which THREE (3) must be from Passports, must be used to satisfy the requirements of the research project. Failure to utilize the minimum number of reference sources will result in a full letter grade reduction. There is no limitation on the number or type of resources that may be utilized. Proper citations, footnoting and bibliographies are required. • As with all assigned papers/cases, research projects will be graded on content, effectiveness of argument, organization, and application of knowledge. • Grammatical and spelling errors will count against you – sloppiness is a death knell to business presentations, and is inexcusable given available word-processing software. • Late Research Papers will receive a 5% grade reduction per day and will receive a zero for the presentation grade. <p>Session Current Events Assignment: (Sessions 2-9)</p> <ul style="list-style-type: none"> • The sessions Current Events assignment will be worth 5% of the final grade. • The Current Events assignment is principally a single article topical summary and no additional research support is required. • Students must prepare and present a single page outline summary to each member of the class. • Students unable to attend class or who fail to bring and turn-in a current events assignment will receive a zero for that day's current events assignment. <p>Exams:</p> <ul style="list-style-type: none"> • The first three exams are non-cumulative and are worth 15% each. The final exam (project) is worth 20%. There are 4 exams/project for a total of 65% of the final grade. • The first three exams will be take-home and will be multiple choice or, short answer, or essay questions. The final exam (project) will be in-class presentation by the student. • Point values for each question will be indicated on the exam. Difficulty points may be rewarded for questions that are deemed to be significantly challenging to the class in general. <p>Class Participation and Attendance:</p> <ul style="list-style-type: none"> • Students are expected to attend all class sessions of every course for the full 36 contact hours. In the case of unavoidable absence, the student must contact the instructor. The student is subject to appropriate academic penalty for
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	<p>incomplete or unacceptable makeup work, or for excessive or unexcused absences. Generally, a student who misses more than one four-hour course period (per course) without a documented military or medical excuse and advanced permission of the instructor should withdraw from the class. The University reserves the right to involuntarily drop enrolled students from classes, which they do not attend. PLEASE BE ADVISED: <u>Students who do not attend the first class session, who have not made prior arrangements with the instructor for being absent, will be dropped from their courses.</u></p> <ul style="list-style-type: none"> • Attendance the last day of class is mandatory to ensure that all work is completed and to be awarded a passing grade. An Incomplete will not be acceptable without documental proof (Death Notice, Doctor’s Letter, etc.) as to absence relating to non-completion of class work. These must be faxed 904-262-1459 or dropped off to Webster University by the Monday after the term ends. • Participants are expected to arrive on time and be actively involved in the learning experience. Each student should desire to learn, participate, and proactively contribute to the learning of others during each discussion and exercise. • Students are to participate in classroom discussions. The discussions are an opportunity for students to reveal their understanding of the assignments made for the current and previous classes. • Assignments are given to prepare the student to participate in class discussions; therefore, it is imperative that reading assignments and associated questions for discussion be completed prior to class. • A maximum of 10 points will be awarded based on the level and quality of participation and preparation. • Failure to turn in an assignment within one week will result in a grade of "0" for that assignment. In addition, failure to submit an assignment will lower the final grade by an additional two points. • All assignments are due as detailed in the Course Schedule. • Late assignments will be accepted, if they are turned in <i>no later</i> than one week later, but will be penalized one letter grade. Furthermore, late assignments will lower the student's final grade by an additional one point. • Late assignments will not be accepted for the final assignments the last week of the course to allow timely completion and grades to be submitted.
<p>Policy Statements: University Policies</p>	<p>University policies are provided in the current course catalog and course schedules. They are also available on the university website. This class is governed by the university’s published policies. The following policies are of particular interest:</p> <p>Academic Honesty</p> <p>The university is committed to high standards of academic honesty. Students will be held responsible for violations of these standards. Please refer to the university’s academic honesty policies for a definition of academic dishonesty and potential disciplinary actions associated with it.</p>

	<p>Drops and Withdrawals</p> <p>Please be aware that, should you choose to drop or withdraw from this course, the date on which you notify the university of your decision will determine the amount of tuition refund you receive. Please refer to the university policies on drops and withdrawals (published elsewhere) to find out what the deadlines are for dropping a course with a full refund and for withdrawing from a course with a partial refund.</p> <p>Special Services</p> <p>If you have registered as a student with a documented disability and are entitled to classroom or testing accommodations, please inform the instructor at the beginning of the course of the accommodations you will require in this class so that these can be provided.</p> <p>Disturbances</p> <p>Since every student is entitled to full participation in class without interruption, disruption of class by inconsiderate behavior is not acceptable. Students are expected to treat the instructor and other students with dignity and respect, especially in cases where a diversity of opinion arises. Students who engage in disruptive behavior are subject to disciplinary action, including removal from the course.</p> <p>Student Assignments Retained</p> <p>From time to time, student assignments or projects will be retained by The Department for the purpose of academic assessment. In every case, should the assignment or project be shared outside the academic Department, the student's name and all identifying information about that student will be redacted from the assignment or project.</p> <p>Contact Hours for this Course</p> <p>It is essential that all classes meet for the full instructional time as scheduled. A class cannot be shortened in length. If a class session is cancelled for any reason, it must be rescheduled.</p>
<p>Course Policies</p>	<ul style="list-style-type: none"> • Attend Class. Class attendance is expected. • Students are encouraged to participate actively in class in regard to analysis and discussion of reading material, lecture material, problems, and cases. • Class time will be devoted to lecture, discussion, and analysis of assigned problems. Students should complete readings and assigned problems prior to class meetings. Typically, problems are due the week <i>following</i> the corresponding chapter & lecture (For example, Chapter 2 is discussed in Session One, and the problems are due in Session Two). Written answers should be prepared for all problems. These may be collected periodically and will be instrumental in determining course grades. • Students should expect to spend substantial amounts of time, in and out of class, to keep up with readings and assignments. Frequently, there will not be

	<p>sufficient time to review all assigned work & topics in the classroom. However, it is an important learning tool to attempt all tasks, and ask questions on any unclear concepts and problems. Help sessions may be scheduled on non-class days. Please ask, if needed.</p> <ul style="list-style-type: none"> • Required articles may be distributed in class, be on reserve in the library, or one may be required to find the article. • Sometimes circumstances beyond one’s control require that they miss a scheduled class. If necessary, it is the student’s responsibility to get any missed lecture notes or handouts. If you are unable to make it to class to turn in an assignment, make arrangements with a classmate to turn in your work &/or contact me prior to class. You are responsible for what takes place or is announced in class. <p>Make-Up Requirements</p> <ul style="list-style-type: none"> • For each class hour missed, a one (1) page, double-spaced, typed paper, with one (1) reference will be submitted by the end of the term. The instructor will assign the topic. A four (4) hour class will require four (4) pages supported with (4) references from popular or academic press. • This paper will be graded and incorporated in the class participation grade. If the make-up work is not submitted, the student’s final grade will be reduced one (1) letter grade. • Students are responsible for any class material presented during their absence, and any assignments due should be submitted prior to the absence, if possible.
<p>Weekly Schedule</p>	<p>Pre-Assignments for Session 1:</p> <p>A. Read Chapters 1 and 2</p> <p>B. Chapter 1: Questions 1-2, and 1-10: Chapter 2: Problems 2-1, 2-2, 2-5, 2-13, 2-14 and 2-27</p> <p>C. Students must obtain a <u>financial</u> calculator and become familiar with the concept of and calculation of present and future values of cash streams. The calculator MUST have keys for present value (typically notated as PV on the key), future value (FV), annuity payment (PMT), number of period’s (n), and interest rate (i). Scientific calculators are not satisfactory for this class. The textbook and the user guide for the calculator are excellent resources for learning how to use the calculator. <u>At the first class, knowledge of use of financial calculators is required</u>, as significant emphasis will be placed on understanding and using the calculator for time-value calculations.</p> <p>D. Students must bring both the calculator and the handbook to the first class. <u>Students who do not have a calculator or who do not understand how to use it fully will lose points for class participation.</u></p> <p>E. Textbook examples use the HP10bII Financial Calculator.</p>

Paper Assignment for Session 2:

F. Prepare an opinion paper on one of the five following topics. Students should utilize a minimum of FIVE outside reference sources, including **at least three** from Webster University's Passports on-line library system, to provide factual foundation to support their argument. **A reduction of one full letter grade will occur for failure to utilize the minimum number of reference sources.** Papers should be minimum of 3-5 pages typed, double-spaced. Oral presentation should be approximately five minutes.

BE CERTAIN TO ADDRESS THE SPECIFIC ISSUE OF THE TOPIC YOU CHOOSE, AND PROVIDE YOUR OPINION OF THE ISSUE.

1. Discuss the impact that interest rate changes have on corporate capital financing decisions.
2. Discuss the impact of expense treatment of restricted stock and stock option incentive plans on corporate earnings.
3. Discuss the impact that financial markets have on corporate treatment of pension fund liabilities.
4. Discuss the impact of geopolitical influences on corporate capital spending decisions.
5. Debt or equity? How do firms decide the best ways to raise capital?

For Session 2 and each session thereafter:

Outline and present a specific current news occurrence relating to an individual security/company or a market segment in general and discuss:

1. The various corporate finance decisions/considerations that may be involved.
2. What non-economic factors may be affecting the corporate behavior surrounding your news occurrence?
3. Discuss impact, if any, of the current underlying economic or industry conditions on the corporate behavior surrounding your news occurrence.

Students should prepare a single page summary each session, providing one copy to each class member. Oral presentations should not exceed 2-3 minutes per student per session, and should demonstrate that the student understands the issue presented (do not just read the article). Webster's Passports

		<p>usage is encouraged for this session project but not required.</p> <p>Pre-Assignment for ALL Sessions: Read the assigned chapters prior to each session. Complete all assigned homework problems and cases from the prior session.</p>
	<p>Session 1</p>	<p>THEME: Introduction to Financial Management</p> <p>Topics:</p> <ul style="list-style-type: none"> • Introduction of Course and Expectations • Syllabus Review • Chapter 1 - Introduction to Financial Management <ul style="list-style-type: none"> ➤ Chapter Review & Problem Discussion • Chapter 2 - Time Value of Money <ul style="list-style-type: none"> ➤ Chapter Review & Problem Discussion <p>Assignments for Session 2:</p> <ul style="list-style-type: none"> • Prepare session current event summary • Read Chapters 3 and 4 • Prepare for <u>Discussion and Submission:</u> • Chapter 1- Question 1-2 and 1-10 • Chapter 2- Problems 2-1, 2-2, 2-5, 2-13, 2-14 and 2-17
	<p>Session 2</p>	<p>THEME: Introduction to Financial Management</p> <p>Topics:</p> <ul style="list-style-type: none"> • Discuss session current event summary • Review Homework Problems • Chapter 3 – Financial Statements, Cash Flows, & Taxes <ul style="list-style-type: none"> ➤ Chapter Review & Problem Discussion • Chapter 4 – Analysis of Financial Statement <ul style="list-style-type: none"> ➤ Chapter Review & Problem Discussion <p>Assignments for Session 3:</p> <ul style="list-style-type: none"> • Prepare session current event summary • Read Chapters 5 and 6 • Prepare for <u>Discussion and Submission:</u> ➤ Chapter 3: Problems 3-3, 3-4, and 3-10 ➤ Chapter 4: Problems 4-1, 4-6, 4-11 and 4-12
	<p>Session 3</p>	<p>THEME: Fundamental Concepts of Investing</p> <p>Topics:</p> <ul style="list-style-type: none"> • Discuss session current event summary • Review Homework Problems • Chapter 5 – Bonds, Bond Valuation, and Interest Rates <ul style="list-style-type: none"> ➤ Chapter Review & Problem Discussion

		<ul style="list-style-type: none"> ➤ Problems 5-1, 5-4, 5-9, and 5-12 • Chapter 6 – Risk, Return and the Capital Asset Pricing Model <ul style="list-style-type: none"> ➤ Chapter Review & Problem Discussion ➤ Problems 6-1, 6-2, 6-3, 6-6, and 6-10 <p>Assignments for Session 4:</p> <ul style="list-style-type: none"> • Read Chapters 7 and 8 • Choose company to research for final project (paper and presentation) • Issue Exam #1 – Chapters 1, 2, 3, 4, 5, and 6 (Due Session 4)
	Session 4	<p>THEME: Securities and their Valuation</p> <p>Topics:</p> <ul style="list-style-type: none"> • Chapter 7 – Portfolio Theory and other Asset Pricing Models <ul style="list-style-type: none"> ➤ Chapter Review brief, not in depth, this is an introduction to Modern Portfolio Theory) No homework • Chapter 8 – Stock Valuation <ul style="list-style-type: none"> ➤ Chapter Review & Problem Discussion ➤ Problems 8-2, 8-5 and 8-6 <p>Assignments for Session 5:</p> <ul style="list-style-type: none"> • Read Chapters 10 and 11 • Prepare outline for final paper and presentation • Prepare for <u>Discussion and Submission</u>: <ul style="list-style-type: none"> ➤ Chapter 10: Problems 10-1, 10-5, 10-6 and 10-7 ➤ Chapter 11: Problems 11-1, 11-2, 11-4, 11-5, 11-6 and 11-7
	Session 5	<p>THEME: Projects and their Valuation</p> <p>Topics:</p> <ul style="list-style-type: none"> • 2nd Research Paper Oral Presentations • Chapter 10 – The Cost of Capital <ul style="list-style-type: none"> ➤ Chapter Review & Problem Discussion • Chapter 11 -- The Basics of Capital Budgeting; Evaluating Cash Flows <ul style="list-style-type: none"> ➤ Chapter Review & Problem Discussion <p>Assignments for Session 6:</p> <ul style="list-style-type: none"> • Read Chapter 12 • Prepare 2nd Research Paper for presentation • Issue Exam #2 – Chapters 7, 8, 10, and 11 (Due Session 6)

	Session 6	THEME: Corporate Valuation Topics: <ul style="list-style-type: none"> • Chapter 12 –Cash Flow Estimation and Risk Analysis • 2nd Research Paper presentation Assignments for Session 7: <ul style="list-style-type: none"> • Prepare session current event summary • Read Chapters 14 and 15 • Prepare for <u>Discussion and Submission</u>: <ul style="list-style-type: none"> ➢ Chapter 14: Problem 14-1 ➢ Chapter 15: Problem 15-1 • Complete research for final paper, begin preparing final presentation
	Session 7	THEME: Dividends & IPOs Topics: <ul style="list-style-type: none"> • Discuss session current event summary • Chapter 14 – Financial Planning and Forecasting Financial Statements <ul style="list-style-type: none"> ➢ Chapter Review & Problem Discussion • Chapter 15 – Corporate Valuation, Value-Based Management, and Corporate Governance <ul style="list-style-type: none"> ➢ Chapter Review & Problem Discussion Assignments for Session 8: <ul style="list-style-type: none"> • Issue Exam #3 – Chapters 12, 14, and 15 (Due Session 8) • Prepare session current event summary
	Session 8	THEME: Course Review Topics: <ul style="list-style-type: none"> • Discuss session current event summary • Workshop and Review for final project: bring any spreadsheets or other work you may have on CD or flash drive for in-class work to answer any questions you may have. Assignments for Session 9: <ul style="list-style-type: none"> • Prepare for Final Exam
	Session 9	THEME: Putting it all Together Topics: <ul style="list-style-type: none"> • Final Exam (Project and Presentation)
Additional Information	None	

Reviewed by: J. Ewing

Job Title: Faculty Coordinator

Date: 12/10/07

Revised 12/7/07