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| Course | BUSN 5200 Basic Finance for Managers |
| Term | Spring 1 2008 |
| Instructor | Name: Doretha Clemon Phone: 760-809-4011 Fax: 760-454-3423 Email: dorethaclemon87@webster.edu |
| Catalog Description | Managers and human resources management professionals must be able to understand financial information contained in financial statements and reports. Line managers must be able understand financial information contained in financial statements and reports in order to evaluate their unit's financial performance, to communicate clearly with other managers, and to apply financial information when making decisions. Human resources management professionals must understand financial statements and principles if they are to effectively assist line managers and be strategic partners with other business functions. This course will focus on the interpretation and use of basic financial information by non-financial managers, not on the production of financial statements and reports. |
| Prerequisites | None |
| Course Level Learning Outcomes | At the conclusion of the course, students will be able to: <ol style="list-style-type: none"> 1. Identify and interpret internal and external financial reports and financial statements 2. Discuss how using financial statements and reports can improve strategic planning and decision making, and thus improve organizational performance 3. Use time value of money and explain how the concept is used for decision making. 4. Identify important accounting rules and principles (GAAP, FASB, depreciation, cash vs. accrual) and discuss how they impact corporate financial decisions and policies 5. Construct pro forma financial statements and report their use in managerial decision making 6. Explain the concept of cash flow and discuss its impact on organizational performance and decision making 7. Report the concepts and processes used to develop budgets and discuss their influence on managerial decision making <p>Discuss ethical considerations relating to finance and financial reporting</p> |
| Materials | <p>Supplementary Requirements – Microsoft Excel Spreadsheet.</p>  <p>Accounting and Financial Fundamentals for Nonfinancial Executives</p> <p>Author: Rachlin, Robert / Sweeny, Allen Edition: (2ND)96 ISBN: 0-8144-7928-6 Publisher: American Management Association</p> <p> </p> |

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| Course Content | <p>Accounting concepts, understanding financial statements: (40%) Students will be introduced to the basic accounting statements (balance sheet, income statement, statement of cash flows) and will be introduced to basic accounting concepts. Students will learn to put together pro-forma statements, and why these statements are important to use. They will learn to use the information on the financial statements to build financial ratios that will enable them to analyze and draw conclusions about the firms they are studying.</p> <p>Time Value of Money (25%) Students will learn the formulas for PVIF, PVIFA, FVIF, and FVIFA. They will learn to calculate both present and future values. This information will be further used in the section on capital budgeting, as it applies to valuing projected project cash flows.</p> <p>Capital Budgeting (20%) Students will learn the importance of being able to select good projects. Since these students are primarily management majors, this topic helps them to identify that purchases at the corporate level are not made in a vacuum, and that all managers need to be able to make choices using solid business criteria, such as net present value, the payback method, and the internal rate of return. Capital budgeting will be applied to capital assets in the form of investment securities.</p> <p>Cost of Capital (10%) Students will be introduced to the cost of capital, and how firms use WACC (Weighted Average Cost of Capital) as a way to then determine potential project profitability. Students will do mathematical problems to gain practice in determining the WACC. Cost of capital will be applied to capital assets in the form of investment securities.</p> <p>Ethics (5%) Corporate governance and agency issues will be discussed in class. Students will learn that a shareholder elects the board of directors, who then appoint executives who will make the day-to-day business decisions of the firm. The officers and board have an obligation to the shareholders and other constituents to manage their resources well, but as will be discussed in the class, corruption is rampant. Cases will be used to illustrate how governance can go awry, and the impact of these ethical choices will be discussed.</p> <p>Final Project: Students will demonstrate their ability to apply much of the financial ratios and an understanding of the financial statements themselves by conducting an analysis of a firm. A sample assignment is attached. A spreadsheet can be used for what-if analysis on your portfolio of stocks, bonds or other securities.</p> |
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| <p>Grading</p> | <p>GRADING POLICY:</p> <p>30% Mid-Term Exam 30% Final Exam (Last Class) 25% Research Paper due Last Class (See Project attached). 10% Homework Assignment 5% Computer Lab Exercises TBD Quizzes – if quizzes become a requirement, the grading changes as follows 10% Quizzes, 25% Mid-Term Exam, 25% Final Exam, 25% Research Paper, 10% Computer Lab, 5% Homework</p> <p>A = 93-100 A- =90-92 B+ =87-89 B = 84-86 B = 80-83 C = 70-79 F = 69 and below</p> <p>The GRADUATE catalog provides these guidelines and grading options:</p> <ul style="list-style-type: none"> • A/A- Superior graduate work • B+/B/B- Satisfactory graduate work • C Work that is barely adequate as graduate-level performance • CR Work that is performed as satisfactory graduate work (B- or better). A grade of "CR" is reserved for courses designated by a department, involving internships, a thesis, practicums, or specified courses. • F Work that is unsatisfactory • I Incomplete work • ZF An incomplete which was not completed within one year of the end of the course. ZF is treated the same as an F or NC for all cases involving G.P.A., academic warning, probation, and dismissal. • IP In progress • NR Not reported • W Withdrawn from the course |
| <p>Activities</p> | <p>The course contains activities of:</p> <ol style="list-style-type: none"> 1. Portfolio stock selections and analysis. 2. Accounting and Financial Ratios. 3. Reports on current financial, accounting, and management articles. |

**Policy Statements:
University Policies**

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:

Academic Honesty

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.

Drops and Withdrawals

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.

Special Services

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.

Disturbances

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.

Student Assignments Retained

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.

Contact Hours for this Course

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.

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| <p>Course Policies</p> | <p>Attendance Policy The University reserves the right to drop students who do not attend class the first week of the term/semester. Students are expected to attend all class sessions of every course. In the case of unavoidable absence, the student must contact the instructor directly. The instructor may give ample warning to the student and then recommend that the student withdraw from the course. The student is subject to appropriate academic penalty for incomplete or unacceptable makeup work, or for excessive or unexcused absences. <u>Generally, a student who misses more than one four-hour course period (per course) without a documented military or medical excuse and advanced permission from the instructor should withdraw from the class.</u> Instructor contact information is available on all syllabi. Please make sure to contact your instructors directly (not the San Diego Administration office) regarding an absence. All master's degree courses meet for nine (9) weeks and baccalaureate degree courses meet for eight (8) weeks.</p> <p><u>REQUIRED WRITING COMPONENT:</u> At least one writing component is required in ALL graduate and undergraduate courses. The written assignment should be APA style, include references (a minimum 5 non-internet references (e.g. academic journals, books, professional publications) in addition to any internet resources they may use), and a bibliography. The assignment should show that the student clearly has the ability to conduct research, cite sources to support arguments and write in a coherent, organized fashion expected at the college (for Undergraduate students) or Graduate level.</p> <p><u>REQUIRED USE OF PASSPORTS:</u> Students are required to use Webster University's online library, PASSPORTS (http://library.webster.edu). PASSPORTS offers access to many scholarly and professional publications free of charge. Check with the Academic Advisor or visit the website for more information about what is available via PASSPORTS.</p> <p><u>TURN-IT-IN PLAGIARISM DATABASE:</u> Students are encouraged to use the Turn-it-In PlagiarismDatabase (http://library.webster.edu/turnitin.html)</p> <p><u>WRITING ASSISTANCE:</u> Students are encouraged to submit their research papers to the Webster On-Line Writing Center for review and assistance. (http://www.webster.edu/acadaffairs/asp/wc/online.html)</p> <ul style="list-style-type: none"> • Simple calculators (calculators that add, subtract, multiply, and divide) only may be used during exams. • This syllabus may be revised at the discretion of the instructor without the prior notification or consent of the student. The schedule below presents an approximate expectation of course progress. The instructor reserves the right to add, delete, or modify any weeks of this schedule. The instructor also reserves the right to change the overall course grade weighting. Any changes will be announced in class. • If you miss class you are responsible for getting notes and assignments. • Makeup exams will be scheduled only in extreme circumstances and only if arranged in advance of the scheduled exam date. |
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| <p>Weekly Schedule</p> | <p><u>COURSE OUTLINE</u></p> <p>Week 1 Course Introduction and Chapters 1 and 2 Dual Aspect Principle, The Accrual Concept</p> <p>Week 2 Chapters 3 and 4 Other Basic Concepts, Accounting Conventions</p> <p>Week 3 Chapters 5 – 6 Balance Sheets and Income Statements, Special Accounting Problems Review Examples for Research Papers</p> <p>Week 4 Chapters 7 and 8 The Basic Accounting Process, Manufacturing and Mercantile Costing Research Paper Synopsis Due</p> <p>Week 5 MID-TERM EXAM (Chapters 1-8) Chapters 9 and 10 Other basic cost concepts and their application (Public companies' special requirements, Sarbanes-Oxley Act)</p> <p>Week 6 Chapters 11 and 12 Fundamentals of Investment analysis (Time value of money, basic capital budgeting, internal investment decision making) Assistance with Research Paper</p> <p>Week 7 Chapters 13 and 14 Setting the rate of return, Fundamentals of Financial Analysis</p> <p>Week 8 Chapters 15-16 Understanding Cash Flow (Working Capital Management, Bonds, Derivatives and other financing and investment vehicles)</p> <p>Week 9 FINAL EXAM (Chapters 9-16) Research Papers Due In Class Student Presentations on Research Papers Hardcopy Research Paper Due</p> |
| <p>Additional Information</p> | <p>This syllabus is subject to change at the discretion of the instructor.</p> <p>See attached letter.</p> |

Webster University
BUSN 5200

Basic Finance for Managers
Term Project

Scope of paper:

You have been hired as a business consultant to analyze XYZ Company. While your client is very successful, he/she does not really understand financial numbers and desires your help. Your client wants to pay you to do the homework and due diligence on his behalf before he invests his money. Your job is to answer the question "Is XYZ Company the right company to invest in?" Please be prepared to defend your recommendation, either way (whether you are recommending for or against investment in your client's chosen firm.)

The Process:

Since this is your first consulting job for this client, you want to do it right. After all, this could lead to additional analysis opportunities for you down the road. After benchmarking with other financial consultants, and viewing some of their work, you feel you need to provide the following information to your client:

1. Brief history and description of the company – background, primary product/service offerings, customers, business sector(s), etc.
2. Financial analysis of XYZ Company – based on data provided from the last four financial reports (Annual Reports and 10Ks). (note: you must choose a publicly-traded corporation in order to be able to access this data)
3. Report on the strengths and weaknesses of any financial trends of XYZ Corporation
4. XYZ Company's competitors – who are they, size, background, etc.
5. XYZ Company's industry – what are trends in this industry?
6. Based on your research, where do you think XYZ Company is going to be in three to five years? To help answer this question you need to know the company as well as the industry. Make sure you provide and support the assumptions used to project the company's future.
7. Recommendations – what are you advising your client to do?
8. Bibliography – You know your client is going to want to verify the information provided in your report, therefore you will provide references in a bibliography.

While you want to produce a detailed report, you do not want to overwhelm the client. Your plan is to keep the report to 10 - 20 double-spaced pages (excluding any appendices). To help your client understand the financial information, you plan on possibly incorporating various tables and/or charts in the report. You will of course document any sources you are directly quoting, and will make sure that this is your own work.