



BUA 4323 Corporate Finance and Financial Management
4 Credits

Professor

Edward Branagan

Office Hours

After class and by appointment. To make an appointment, please write an email at least two business days prior to schedule a time.

REQUIRED COURSE MATERIALS

Textbook

Block, Stanley, Hirt, G. and Danielsen, B. (2019). *Foundations of Financial Management* (17th ed.). McGraw Hill. ISBN10: 126001391X (This is the standalone text only.)

- You may rent the book for 180 days or you may purchase the eBook or hardcopy of the text
- The rent and purchase options are available on the [McGraw Hill website](#)

Microsoft (MS) Excel

All students will need access to Microsoft Excel. Excel is widely used by professionals whether in business, government or the non-profit sector. Most of you will use a spreadsheet everyday in a business life. This course is an opportunity to learn excel to use it in the workplace.

RECOMMENDED RESOURCES

Newspapers

It is recommended that students read at least one financial news source to learn and apply concepts and terminology. Below are a list of notable online financial newspapers that you can subscribe to.

- [Wall Street Journal](#) (free subscription access via [McDaniel Hoover Library](#) website)
- [Bloomberg News](#)
- [Financial Times](#)

Financial Calculator:

Students may wish to purchase a financial calculator that has functions to compute exponents, net present value, future value, and logarithmic functions.

TECHNOLOGY USE

In class students will be asked to work on problems that will involve Excel and therefore, students are asked to bring a laptop. Technology including laptop, tablet, and phone usage in class should contribute to students learning and not be a distraction. If students are unable to contribute to the discussion or are otherwise distracted by computer, cell phone, or tablet, the student should refrain from using it in class. If you have any questions or concerns, please ask the instructor.

COURSE DESCRIPTION

This course is designed to introduce students to the fundamental concepts of corporate finance and financial management. This course deals primarily with a firm's investment and financing decisions, and its interactions with the capital markets. Students are taught the fundamental principles of financial management which entail how to: evaluate a firm's financial health, perform financial analysis and forecasting, optimize efficient use of capital by pricing scenarios using time value of money concepts, and ultimately allocate capital that maximizes shareholder return. In turn, students will learn about a variety of financial instruments including loans, stocks,

and bonds. Over the course, students will learn about capital markets, uncertainty and the environment in which they operate, and be given specific examples that examine real-life cases.

PREREQUISITE(S)

BUA 1101, STA 2215, or permission of the instructor

INSTRUCTIONAL METHODS

Instruction will predominantly be delivered through discussion based learning, interactive in-classroom exercises and case studies and at times, lecture. Online educational activities may be used in and out of the classroom to supplement learning. Guest lecturer and a class visit to a financial institution is planned pending guest lecture availability. The class visit will be coordinated with students in the event the class must be scheduled at an alternative time of the regular class.

The class notes in powerpoint after class will be posted on Blackboard.

LEARNING OBJECTIVES

Knowledge and Financial Concepts

Students will be able to:

1. Assess the financial health of a corporation and perform financial analysis using financial ratios and examining financial statements, balance sheets and cash flow statements
2. Price future streams of cash flows.
3. Use basic formulas to calculate securities including annuities, perpetuities, bonds, and stocks
4. Value projects and make capital budgeting decisions using various forms of investment decision analysis.
5. Evaluate the financial and strategic implications of alternative corporate financing decisions in different environments.
6. Apply terms commonly used in the area of finance and speak cogently with financial experts

Skills and Applications

Students will learn and/or exercise how to:

1. Use basic and intermediate functions in Excel including how to build a spreadsheet and build integrated formulas
2. Format and present spreadsheets so they are easy to read and understand and are visually appealing
3. Prepare and deliver presentations to a class
4. Understand assumptions behind basic valuations, investment proposals, and financing decisions and be able to ask critical questions behind the numbers

ATTENDANCE POLICY AND STUDENT CONDUCT

Class attendance is mandatory. In the event of emergency, religious holidays, or participation in official College functions, advanced notification or verification is required for the student to give to the instructor. Each student is expected to read the assigned materials and give careful thought to background information prior to each class session. Students are expected to be on time and excessive tardiness will be considered (more than 10 minutes late considered). Treat your class attendance like it is your first job: show up on time, participate, and consistently demonstrate professional etiquette.

ASSESSMENTS

Course grades will be based on problem sets, case studies and analysis, a midterm exam, and a final exam.

Assignment	Weight
Professional etiquette, participation, and engagement	10%
Homework problem sets (4)	30%
Mid-term case study	20%
Presentation	10%
Final exam (comprehensive)	30%
Total	100%

Professional Etiquette, Participation & Engagement

Students are expected to demonstrate consistent professional etiquette throughout the course. Points will be awarded to students to earn percentage points in any of the following ways.

- Students may earn points by demonstrating professional etiquette in class which means consistently arriving on time and actively participating in classroom activities, discussions, colleagues’ presentations and simulation. Participation is valuable and relevant contributions to discussions in online or classroom discussions or activities. To contribute meaningfully, students must be prepared in advance of each class session having read the text and to attend class.
- Other percentage points may be earned by writing professionally communications or presentations sent to the professor. One percentage point up to max will be awarded for each communication or presentation of work that demonstrates professional etiquette and tone.

For guidelines on how to draft professional communications, please refer to the following link as a guideline: <https://www.math.uh.edu/~tomforde/Email-Etiquette.html>

Homework Problem Sets

Problem sets are assigned from the textbook. Homework assignments are due by each specified date and time prior to the class. Failure to submit the homework by the specified due date will result in a downgrade of one letter grade for each day that it is late (i.e. after 12:00 am). Students may work in pairs (up to 2 students), but each student must submit his/her own work. Each student must indicate with whom you are worked with on each assignment when submitting your assignment.

To receive full credit, students must show all work behind final answers. Excel problems will be graded on accuracy, as well as appearance, so make it look professional. Ask yourself, “If I were the supervisor, would I be impressed? Would I give it to clients?”

If a student believes a grading mistake is made, please request for a meeting with the professor within one week of receiving the grade on the assignment.

Mid-term Exam

Students will be given a mid-term exam. All work should be documented in excel or on paper.

Presentation

Each student to give one presentation in the second half of the course on a topic pre-determined with the professor. Each presentation should be 10- 15 minutes in total length and allow time for questions. Students will be graded on the organization of the content, accuracy of the material presented, the visual presentation format, delivery, and engagement with the audience. Specific instructions will be provided and students will be asked to sign up for one of the four time slots.

Final Exam

The final exam will be comprehensive. The exam will be closed-book.

Grading

The grade of A+ is reserved for those who demonstrate extraordinarily excellent performance as determined by the instructor. The grade of A and A- is awarded only for excellent performance. The grades of B+, B, and B- are awarded for good performance. The grades of C+, C, and C- are awarded for adequate but substandard performance. The grades of D+, D, and D- are given for poor performance. The grade of F indicates the student’s failure to satisfactorily complete the course work. The below scale is used to determine the grades for all assessments and the final grade for the course.

Following the mid-term, students will be given a mid-term grade assessment based on the submitted assignments and participation and professional etiquette grade to date.

% Range	Grade
97% - 100%	A+

94% - 96%	A
90% - 93%	A-
87%- 89%	B+
84% - 86%	B
80% - 83%	B-
77% - 79%	C+
74% - 76%	C
70% - 73%	C-
67% - 69%	D+
64% - 66%	D
60% - 63%	D-
<60%	F

COURSE CALENDAR

The instructor reserves the right to alter course content and readings and/or adjust the pace to accommodate class progress. Any changes will be announced prior to the start of the next class and posted on Blackboard. Students are responsible for keeping up with all changes to the course calendar.

Week	Class	Content	Reading / Assignments Due
Feb 3	1.1	Overview of Corporate Finance and Financial Management Objectives of the course Introductions	
	1.2	Review of Income Statement, Balance Sheet, and Cash Flow Sheet Effect of Depreciation on Cash Flow	Ch. 2: Review of Accounting (Block, Stanley, etc.)
Feb 10	2.1	Financial ratios and evaluation of company health	Ch. 3: Financial Analysis (Block, Stanley, etc.)
	2.2	Forecasting, formulating assumptions, and building forecasts in spreadsheets	Ch. 4: Financial Forecasting (Block, Stanley, etc.)
Feb 17	3.1	Break even analysis, and evaluating leveraged scenarios	Ch. 5: Operating and Financial Leverage (Block, Stanley, etc.)
	3.2	Working capital and financing options	Assignment #1 Due: Fri., Feb. 21
Feb 24	4.1	In-class case study	Case Study: TBD (blackboard)
	4.2	Managing Cash Flow and Inventory Financing	Ch. 7: Current Asset Management (Block, Stanley, etc.)
Mar 2	5.1	Bank Loans, Commercial Paper, and Collateral	Ch. 8: Sources of Short-term Financing: (Block, Stanley, etc.)
	5.2	Calculating Present Value, Future Value, and Annuity Value	Ch. 9: Time Value of Money (Block, Stanley, etc.)
Mar 9	6.1	Valuation of Bonds and Stocks	Ch. 10: Valuation and Rate of Return (Block, Stanley, etc.)
	6.2	Case Study	Assignment #2 Due Fri., Mar. 13

Week	Class	Content	Reading / Assignments Due
Mar 16	n/a	Mid-term review	
	n/a	Mid-term assessment	In-class Exam
Mar 23	7.1	Cost of Debt and Equity Capital Asset Pricing Model	Ch. 11: Cost of Capital: (Block, Stanley, etc.)
	7.2	Calculating Net Present Value and Internal Rate of Returns	Ch. 12: Capital Budgeting Decision (Block, Stanley, etc.)
Mar 30	8.1	Identifying, measuring, and diversifying risks on capital expenditure projects	Ch. 13: Risk and Capital Budgeting (Block, Stanley, etc.)
	8.2	Simulation: Leverage Buyout & Change Process	Assignment #3 Due Fri., Apr. 3
Apr 6	n/a	Spring Break	
	n/a	Spring Break	
Apr 13	9.1	Assessing capital markets, U.S. markets, and governmental regulation	Ch. 14: Capital Markets (Block, Stanley, etc.)
	9.2	Role of investment banks in issuing capital to firms	Ch. 15: Investment Banking (Block, Stanley, etc.)
Apr 20	10.1	Bond Features and Pricing	Ch. 16: Long-term Debt and Lease Financing (Block, Stanley, etc.)
	10.2	Capital Management Decisions: Dividend Payment and Reinvesting Strategies Presentation Slot #1	Ch. 18: Dividend Policy and Retained Earnings (Block, Stanley, etc.)
Apr 27	11.1	Overview of convertible securities, warrants and options Presentation Slot #2	Ch. 19: Convertibles, Warrants, and Derivatives (Block, Stanley, etc.)
	11.2	Guest Lecture: Project finance and international risks Presentation Slot #3	Ch. 21: International Financial Management (Block, Stanley, etc.)
May 4	12.1	Mergers and Acquisitions: Why, when and how companies merge or perform buyouts Presentation Slot #4	Ch. 20: External Growth through Mergers (Block, Stanley, etc.)
	12.2	Class Site Visit to Investment Bank: visit to the credit risk desk (TBD Visit to Morgan Stanley)	Assignment #4 Due: Fri., May 8
May 11	13.1	Recap: Putting Financial Management in Perspective	TBD (blackboard)
	13.2	Final Exam Prep	
May 18	n/a	Final Exam Week	
	n/a	Final Exam Week	

McDaniel Policies and General Information

Blackboard Site

A Blackboard course site is set up for this course. Each student is expected to check the site throughout the semester as Blackboard will be the primary venue for outside classroom communications between the instructors and the students.

Request for Accommodations

McDaniel College, in accordance with the Americans with Disabilities Act Amendments Act of 2008 (ADAAA) and the Federal Rehabilitation Act of 1973/ Section 504, will provide reasonable accommodations for eligible students with disabilities. If you require special assistance, please see me privately and/or seek assistance directly from the Student Academic Support Services Office (SASS). You are responsible for initiating arrangements for accommodations for tests and other assignments in collaboration with the SASS Office and me.

Non-Discrimination Policy

McDaniel College does not tolerate discrimination or harassment on the basis of race, religion, color, national origin, disability, age, sex, sexual orientation, pregnancy, military *status*, genetic information, marital status, veteran's status, or any other legally protected status. To report an incident occurring within an academic context, contact the Director of Academic Affairs and Student Affairs.

Resources for Students Who May Witness or Experience Gender-Based Discrimination, Harassment, or Violence (Title IX)

McDaniel College is committed to preserving an educational environment that is free from gender-based discrimination, gender-based harassment, sexual harassment, sexual violence, and relationship violence and stalking. To report an incident and/or to obtain an academic accommodation, contact any member of the Division of Student Affairs, Department of Campus Safety, any Dean, the Provost or the Title IX Coordinator. Faculty members are not considered confidential resources and therefore incidents shared with them must be reported to the Title IX Coordinator. If you wish to speak confidentially about an incident, please contact the Wellness Center.

Honor Code

McDaniel College has an Honor Code. Please make yourself familiar with it and adhere to it throughout the course. Use of a cell phone during exams will be considered a violation of the honor code. Suspected violations of the honor code will be turned over to the Honor & Conduct board. A note about working together. Working together is encouraged, however, you are expected to understand all concepts in preparation of that assignment and all work handed in is to be prepared by you individually!

Other Important Policies and Services

Students are encouraged to consult the Student Code of Conduct if you have any questions for the McDaniel student policy on code of conduct.