



# LINCOLN UNIVERSITY

## BA 303 – Finance Management Spring 2013 Course Syllabus

Course Number: **BA 303**

Course Title: **Finance Management**

Units: 3 (45 lecture hours)

Semester Offered: Spring 2013

Course Meeting Days: Weekly on Saturday Afternoon

Course Meeting Time: 12:30-3:15pm

Course Meeting Place: TBD

### Instructor Information:

Name: Daniel Sevall

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Office Location: TBD

Office Hours: 11:30-12:30 on Saturdays

### Course Description

A consideration of financial control at the corporate management level, with special emphasis on the policies and practices required to place and control the sources and uses of capital. Emphasis will be placed on capital management and evaluation of alternative opportunities. Also examined are such matters as valuation, cash flow, funds acquisition long-term financing, and budgets as tools for decision-making.

(3 units)

### Required Texts

Brigham, Eugene F. and Ehrhardt, Michael. *Financial Management: Theory and Practice, 13<sup>th</sup> Edition*. (2010) Thomson/Southwestern

## Overview

The course covers the finance cycle in an organization from its inception to operations and possible mergers and reorganizations. Finance is concerned with determining value – what is something worth, and how one makes the best decisions for increasing value. So this course builds from financial accounting, which uses historical data. Problems of financing an organization, maintaining liquidity and profitability, and making investment and capital budget decisions are discussed in-depth.

The course stresses the importance of data analysis and its use in problem solving and decision-making. Methods for comparing costs and benefits are discussed in selecting among options available. Cost saving techniques in the management of cash, receivables, and inventories are reviewed. In a broad sense, the course enables the student to relate to the functions of the financial officer in playing a key role in carrying out the objectives of an organization.

## Course Objectives

- Introduce the group to the role of financial management in helping achieve company goals; understand the role of a firm's performance in creating shareholder value.
- Familiarize students with the major literature in the field; have students become literate in terminology used in modern day finance
- Enable students to read, understand, and analyze financial statements; review the importance of the cash flow statement and how it is used in budgeting
- Study the various sources of financing and relative advantages and disadvantages of each; provide an understanding of financial securities and markets that affect capital structure
- **Emphasize the importance of time value concepts in financial decision-making and clarify techniques for applying the concepts**
- Assimilate time value concepts to calculate an array of financial problems (i.e. amortization schedules, present value calculations, annuity and perpetuity comparisons); study how interest rates are used in discounting future values; provide an understanding of the nature of risk and its effect on rates of return
- Articulate the components of bond valuation; employ concepts for bond pricing

- Utilize the Dividend Discount Model and/or the Capital Asset Pricing Model to determine the return on equity and to value stocks; use perpetuity concept to value preferred stock
- Explain the effect of income taxes in influencing business decisions
- Use the concepts of Net Present Value and Internal Rate of Return to gain a fuller appreciation of capital budgeting and their use in selection of projects; integrate Discounted Cash Flow techniques for valuation purposes.
- Explain the methods of management of cash, receivables and inventories
- Obtain an understanding of the use of spreadsheets in the calculation of financial problems

### **Academic Honesty, Plagiarism Policies and Procedures:**

Lincoln University intends to be a community of educators and learners with shared values. Accordingly, Lincoln expects the highest standards of honesty and integrity from all members of the academic community.

***What is considered academic dishonesty?*** It is generally taking credit for work which is not your own or attempting to receive credit or improve a grade through fraudulent or deceptive means. Examples include taking information from or providing information to another student, or plagiarism (the intentionally or knowingly representing the word or ideas of another as one's own in any academic exercise).

***What is Plagiarism?*** Whenever you quote from, make reference to, or use ideas attributable to others in your writing, you must identify these sources in citations or bibliography, or both. If you do not, deliberately or accidentally, you have committed plagiarism. Plagiarism, defined as the act of stealing or using as one's own the ideas of another, is not permitted in college or university work or in any published writing. "Plagiarism may take the form of repeating another's sentences as your own, adopting a particular apt phrase as your own, paraphrasing someone else's argument as though it were your own." (Modern Language Association Handbook, New York: MLA, 1977, P.4). The sanctions for plagiarism range from reprimands and counseling to expulsion from the University. The appropriate sanction is determined by the University Committee on Academic Dishonesty. The University faculty may use internet-based services to identify those portions of student written assignments that might not meet the full standards of academic integrity as defined in this statement.

## **Course Requirements**

### 1. Textbook Assignments

Students should read all assignments and be prepared to discuss the material covered. Assigned problems should be worked out in advance as a basis for review in class. Students should pinpoint major concepts and procedures in each chapter, understand their meaning and application, and raise questions in class on areas of complexity or ambiguity. Study in teams is recommended both to accelerate the learning process and to obtain feedback on individual interpretations. Homework may be collected for purposes of extra credit.

### 2. Team Projects/Cases

Through the completion of selected end of chapter cases, each student will show the application of concepts covered in the course, such as study of annual reports, ratio and other analysis including comparison with other companies, and bond and stock valuation. Students are encouraged to work in teams, and each team will select a topic. Grades will be based on content, innovative ideas, and presentation. Instructors may require students to make an oral presentation in class based on their paper.

### 3. Quizzes and Final Exam

Tests will be given at the end of the third and sixth sessions, and an examination during the final session. The purpose of these tests is to evaluate the student's understanding of the concepts and how to apply them. This includes learning how to perform the calculations and use the techniques that are an integral part of a course in finance. The tests also serve to let the student know how he or she is doing and what areas need further emphasis.

## **Evaluation Criteria**

Midterm Exam	25%
Attendance and Class Participation	15%
Case Analyses	30%
Final	30%
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Total	100%

Letter grades will be given based on the following scaling:

- A 90 - 100
- B 80 - 89
- C 70 - 79
- D 60 - 69
- F 0 - 59

Class Schedule		
Class Sessions 1 and 2	Chapter 1 (Overview)  Chapter 2 (Time Value of Money)  Chapter 3 (Financial Statements, Cash Flow and Analysis)  Chapter 4 (Analysis of Financial Statements)	<u>Questions 1-4</u>  Problems Homework 2-3, 2-5 (work 2-29 and 2-34 in class; extra credit to anyone who presents in-class) Problem 3-3, 3-4  P 4-6 thru 4-10, & 4-11 in class
Class Sessions 3 and 4	Chapter 5 (Bond Valuation)  Chapter 6 (CAPM)  Chapter 7 (Portfolio Theory—skim and discuss in class)  Chapter 8 (Stock Valuation)  Chapter 9 (Financial Options)	P-5-1, 5-2, 5-7, 5-14 (and 5-22 in-class) P 6-1, 6-2, 6-6, 6-7  P 8-1 thru 8-3  P 9-1 thru 9-3, and 9-5 Mini-Case: Chapter 5
Class Sessions 5 and 6	Chapter 10 (The Cost of Capital)  Chapter 11 (The Basics of Capital Budgeting) Chapter 13 (Real Options)  Chapter 14 (Financial Planning and Forecasting Financial Statements)  Chapter 15 (Corporate Valuation, Value-Based Management and Corporate Governance)	P 10-1 thru 10-5; 10-17 in class  P 11-9 and 11-12  P 13-1 and 13-2  P 14-1 and 14-7  P 15-7, 15-8, and 15-9 Mini-Case: Chapter 15

Class Sessions 7 and 8	Chapter 16 (Capital Structure Decisions) Chapter 18 (Distributions to Shareholders) Chapter 19 (Initial Public Offerings) Chapter 20 (Lease Financing) Chapter 21 (skim) Chapter 22 (Working Capital Management)	P 16-1, 18-1, 18-7, 19-1  16-10 and 19-4: Work in class  Problems 20-1, 21-1, 21-4  Problems 20-4, 21-5 in class Mini-Case : Chapter 20
	<u>Course Review and Final Exam</u>	

**Last Update:** 1/9/2013