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OFFICE HOURS: By appointment

COURSE DESCRIPTION:

This covers the essentials of finance with applications in investments and business management. Topics include the valuation of financial assets and liabilities, determination of present value of cash flows, relationship between risk and return, and characteristics of corporate financing. This course describes the financial environment in which business operates, the sources and forms of external financing, and changes in financial market conditions. It includes the study of investment decisions, the estimation of financing needs, and the choice among financing alternatives, so that skills can be developed in bringing analysis, information, and judgment to bear on such decisions. This course also provides a survey of various types of financial assets in the domains of equity and debt. The role of ethical behavior is incorporated into the study of financial markets, as well as in financial management. Prerequisites: ACCT 5100, MNGT 5300.

COURSE OBJECTIVES:

- To recognize the role of finance as being a function of the sources of financing and the uses of those funds
- To critically analyze the assumptions that drive financial valuations
- To apply critical thinking to the project valuation process
- To obtain critical valuation skills such as present, future and net present value
- To calculate bond prices and yields to maturity
- To calculate stock prices using the Gordon Constant Growth formula and the dividend discount model
- To value projects using discounted cash flow techniques
- To calculate key rates such a returns on investment, expected return on equity investments, and internal rates of return and compare them to the opportunity cost of capital

REQUIRED TEXT:

Brealey, 2012. Fundamentals of Corporate Finance, 7e. McGraw-Hill,

ISBN: 9780078034640

COURSE OUTLINE:

Class	Date	Ch.	Topic	Deliverables ¹
1	8/27	1	Goals and Governance of the Corporation	
		2	Financial Markets and Institutions	
2	9/10	3	Accounting and Finance	Problem Set 1
	9/10	4	Measuring Corporate Performance	
3	9/17	18	Long-Term Financial Planning	Problem Set 2
		19	Short-Term Financial Planning	
4	9/24	5	The Time Value of Money	Problem Set 3
5	10/1	6	Valuing Stocks	Problem Set 4
	10/1	7	Valuing Bonds	
6		8	Net Present Valuation and Other Investment Criteria	Problem Set 5
	10/8	9	Using DCF to Make Investment Decisions	
		10	Project Analysis	
7	10/15	13	The WACC and Company Valuation	Problem Set 6 Test Due 10/20 by 9 PM

¹Deliverables are due at the beginning of the class period. The course outline is subject to change. The test is returned only upon student request.

GRADING:

Problem Sets (10 %each)	60 %
Test	<u>40 %</u>
Total:	100 %

Six <u>Problem Sets</u> will be turned in every week, not including the first class session. You are expected to have them completed by the beginning of class. However, I will not collect them until the end of the period so that you may take notes on them. Each problem set is worth ten points. You may work individually or in groups.

<u>The Test</u> is a take-home, individual assignment. The test is due by 9 AM on Sunday, October 17. While a take-home, it is a closed-book exam. You are not to refer to any of your notes, spreadsheets or the text during its production. The only materials you may use are Excel and the formula sheet. The test is due by Failure to do so will lead to penalties consistent with the SBNM Ethics Policy.

Although the nature of this class is quantitative, it is our qualitative collaboration that makes learning meaningful. Please be an active participant in the classroom.

Grading Conditions

All written submissions, particularly the research project, will be graded based on:

- 1. Content (60%) the accuracy and representation of the appropriate knowledge and descriptors in context for the course
- 2. Organization (20%) the logical selection and presentation of a written format that articulates a lucid and logical explanation of ideas
- 3. Grammar -(10%) the quality of the document relative to its spelling, grammar, punctuation and word choice.
- 4. Style -(10%) the creative element of writing which gives the document a certain professionally-appropriate differentiated readability

<u>Tests cannot be made up or turned in late unless prior permission is obtained.</u>

Extra credit is not available at any time in this course.

Grade Determination

Note: The final grading scale may be adjusted depending upon aggregate performance. Any deviations will be announced in conjunction with final grade assignment.

<u>></u> 91	A
= 90	A-
= 89	B+
≥ 81	В
= 80	B-
= 79	C+
≥ 71	C
= 70	C-
= 69	D+
≥ 61	D
= 60	D-
<59	F

The detailed components of your grade will be posted to Moodle. It is your responsibility to audit regularly for accuracy. Final grades will be made available within a week upon the completion of the course and are found in WebAdvisor.

All grades are final and not subject to debate.

ATTENDANCE POLICIES

Attendance and participation are vital; thus, students are expected to attend every session. On time arrival is expected. Tardiness is highly undesirable. This course has a strict policy of documented, advance notification. If unable to attend any session, please inform me, preferably via email, prior to that session. You need not provide a reason for your absence. I will expect you to make every effort to adhere to this policy. Failure to provide advance notification will be considered an unexcused absence.

In the event of excessive unexcused absences or excessive instances of tardiness, I reserve the right to lower your grade up to one full letter grade. I take this policy very seriously and encourage you to do likewise.

In the event you cannot make class, regardless of the reason, you are to:

- 1. Check the syllabus
- 2. Confer with a classmate
- 3. Check Moodle
- 4. Research the missed content online
- 5. Come to office hours or make an appointment to discuss

COMMUNICATIONS POLICIES

Communication skills are a major part of your development. As this course is in the School of Business and Nonprofit Management, I expect our email exchanges to reflect professional business communications. Therefore, every communication you send should be highly professional and 'client-ready.' This means formatted and edited for 100% accuracy in spelling, grammar, punctuation, and word choice. I will not respond to any email that is not completely accurate.

I check email regularly and late into the evening. <u>If I do not respond within one business</u> day, you may take my lack of response as your responsibility to edit and resend your communication. This policy is strictly enforced.

When authoring an email, please use an appropriate subject which is indicative of the contents of the message, for example, "Impending Absence, October 23."

Your primary point of reference is this syllabus. Please read it in detail before approaching me with queries whose answers it contains. Please do not be offended if my response to your inquiry is, "Please refer to the syllabus." Moodle and fellow classmates are also good sources for basic questions.

When contacting me, my preferences are:

- 1. Email at any time
- 2. Office hours or make a face-to-face appointment
- 3. Voicemail message

For substantive communications, please see me in my office or make a special appointment in order to discuss in person. Additionally, as a follow up, it is your responsibility to document and send to me by email all significant arrangements and agreements made. I seldom recollect things said to me orally, so please follow up all significant exchanges with an email backup.

TECHNOLOGY POLICIES

All students are expected to check their <u>North Park emails</u> regularly (outside accounts such as Hotmail and Gmail are often sent into a spam folder). I send significant information via email and expect all students to have read them. If you do not use your North Park email address, please make sure email is being forwarded properly.

All students are expected to access Moodle. All grades and critical directions for assignments will be posted there. This is the official register for all grade-related issues. Check and audit grades regularly.

Misuse of cell phones or laptops in class will be penalized subjectively.

ETHICS POLICY

In keeping with our Christian heritage and commitment, North Park University and the School of Business and Nonprofit Management are committed to the highest possible ethical and moral standards. Just as we will constantly strive to live up to these high standards, we expect our students to do the same. To that end, cheating of any sort will not be tolerated. Students who are discovered cheating are subject to discipline up to and including failure of a course and expulsion.

Our definition of cheating includes but is not limited to:

- 1. Plagiarism the use of another's work as one's own without giving credit to the individual. This includes using materials from the Internet.
- 2. Copying another's answers on an examination.
- 3. Deliberately allowing another to copy one's answers or work.
- 4. Signing an attendance roster for another who is not present.

In the special instance of group work, the instructor will make clear his/her expectations with respect to individual vs. collaborative work. A violation of these expectations may be considered cheating as well.

For further information on this subject you may refer to the Academic Dishonesty section of the University's online catalog.

In conclusion, it is our mission to prepare each student for a life of significance and service. Honesty and ethical behavior are the foundation upon which such lives are built. We therefore expect the highest standards of each student in this regard.

STUDENTS WITH DISABILITIES

Students with disabilities who believe that they may need accommodations in this class are encouraged to contact the Center for Academic Services at 773-244-5737, advising@northpark.edu or stop by the office located on the 2nd floor of the Student Services Building. Please do so as soon as possible to better ensure that such accommodations are implemented in a timely manner. For further information please review the following website: http://www.northpark.edu/ada.

Accommodations for disabilities must be made prior to exams or to assignments.