

Vanguard University
School for Professional Studies
Degree Program

“FINANCIAL MANAGEMENT”
BUOM 484

Student Guide

08/09
DS 01/10

COURSE DESCRIPTION

This course enables professionals to apply financial management theory in real business situations ultimately aimed at actionable decision making. Topics include: the role of finance in the organization, financial markets and institutions, stock prices and shareholder value, agency problems, the time value of money, cash flow analysis, financial ratio analysis, interest rates, equity and fixed income financing, the cost of capital, and working capital management.

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TEXTS AND MATERIALS

Required text:

Brigham, Eugene F. and Houston, Joel F. Fundamentals of Financial Management, Concise sixth edition. Thomson South-Western, 2009. ISBN-10: 0324664559

Other recommended texts (latest editions):

Principles of Finance (Besley and Brigham)

Fundamentals of Corporate Finance (Brealey, Myers and Marcus)

Corporate Financial Management (Emery, Finnerty and Stowe)

Foundations of Finance (Keown, Martin, Petty and Scott, Jr.)

Analysis and Use of Financial Statements (White, Sondhi and Fried)

Recommended outside readings: *The Wall Street Journal* and *Forbes Magazine*

Financial Calculator: Required. Any calculator that has time-value-of-money function keys (see text). The TA BAI is recommended. This is the Texas Instruments Business Analyst II.

LEARNING OUTCOMES

The learning outcomes from a general business management perspective are to:

1. Develop a working knowledge of basic managerial finance principles and the role of financial theory in decision-making in small businesses and large corporations;
2. Enable students to develop a framework for applying financial principles to real world examples;
3. Study and be able to implement into practice the concept of maximizing stockholder value;
4. Understand tangible and intangible factors of value maximization including those factors that are not necessarily focused on profit maximization;
5. Be able to identify and utilize financial decision making tools used in corporate and financial markets to evaluate projects;
6. Improve analytical skills and critical thinking related to financial decisions made by investors and businesses;
7. Evaluate contemporary financial events and the impact of these events on corporations; and
8. Enhance business writing, and communication skills.

The learning outcomes from a technical and analytical perspective are to:

1. Understand the fiduciary duty of a financial manager and the goal of financial management;
2. Apply time value of money principles to various personal and business situations. The focus is on the application of the principles and not only the manual calculation;
3. Perform financial evaluations using discounted cash flow techniques used in NPV, IRR, and other types of analyses;
4. Analyze and interpret financial statements and financial ratios to assess the financial strengths and weaknesses of a firm;
5. Forecast financial performance (i.e. major income statement components) and financial condition (i.e. major balance sheet components) and cash flow implications including external financing requirements;
6. Understand and be able to evaluate risk/return trade-offs,
7. Evaluate working capital utilization and manage factors involved in financing current assets.

CLASS OVERVIEW

As businesses become increasingly competitive, financial management principles drive the activities executives and managers face every day. Even internal functions such as accounting, human resources management, and public relations are affected. Non-profit organizations and government entities are also subject to the same pressures as corporations to operate more productively and efficiently, use limited capital and other resources and maximize beneficial outcomes. Entrepreneurs must also incorporate financial principles to raise and use capital and to manage cash.

This course will expose non-finance professionals to finance principles used in small and large organizations. The course will also equip students to apply certain financial analysis tools and concepts to their day-to-day work. More importantly students will be able to discuss the basics of finance in a conversational setting.

Prerequisites

Students are required to have completed financial and managerial accounting prior to taking this course. The course builds on the students' basic understanding of how to create financial statements and the nature of financial statement accounts.

Class Structure

Because of the complexity and volume of work this course has been structured so that students learn in various environments:

1. Prior to each class: students individually complete the required reading.
2. During each class: lectures and in-class activities reinforce the concepts students covered in their reading.
3. In the week following the class:
 - a. Students work on the homework assignments and hand in the following week.
 - b. Students individually or in groups study for the upcoming in-class quiz.
4. In the following class: students take a 15 – 20 minute quiz that is the culmination of learning steps 1 – 3 above.
5. Students complete a comprehensive final exam.

STUDENT EVALUATION

Students are evaluated based on performance of the following:

	Points
Attendance & Participation (20 pts per class)	100
Homework (50 pts per assignment)	200
Quiz #1	100
Quiz #2	100
Quiz #3	100
Quiz #4	100
Final Exam	300
TOTAL POINTS	1,000

Attendance is ultimately governed by the procedures outlined in the Faculty Orientation Handbook Section III, page 6 or as otherwise may be mandated by the University. The pace of this course and the compounding nature of the subject matter require students to attend all five sessions in their entirety. *Students who miss two class meetings (or more than seven class hours) in any given course will automatically receive a failing grade and need to retake the course to obtain a passing grade. If an instructor deems that a student's second absence was under extremely unavoidable and unusual circumstances (i.e., an auto accident), the professor may file an academic petition on behalf of the student to the Director of SPS. If the academic petition is approved, the instructor may give the student a "W" (withdrawal) grade in place of a failing grade. The student will still be required to retake the course.*

Participation is required and necessary for students and instructors to succeed. Instructors should not allow students to progress through more than one class when failure to participate is an issue. Instructors should clearly communicate their expectations to students at the start of the five week course and let students know when lack of participation is jeopardizing their grade.

Submission Of Final Exams / Papers The School for Professional Studies office does not assume responsibility for any final papers. No homework or final papers will be accepted for professors in the SPS office, nor will final papers be returned to students through the SPS office.

The method for the submission of homework and the final exam or final paper will be determined by the professor. The professor will discuss the method which will be employed during the first night of class. All exchanges of papers will be between the student and the professor.

Late Assignments The instructor will set the late assignment policy. It is the student's responsibility to seek any allowable make-up work with the instructor. Any missed work not made-up, will result in a zero grade for that item.

Quizzes are typically open book, open notes and comprise problem solving, multiple-choice, and/or short answer questions.

Academic Dishonesty Work submitted for assessment purposes must be the independent work of the student concerned. Plagiarism, or copying and use of another's work without proper acknowledgment, is not permitted. Nor is it permissible for any former or present student to allow another student to refer to, use as a sample, or in any way copy or review their work. If a student needs guidance, he or she must seek the Professor's assistance.

The final course grade will be based on the following scale:

STUDENT EVALUATION

Percentages	Points	Grade	Significance	GPA
93-100%	930-1000	A	Exceptional	4.00
90-92.9%	900-929	A-		3.67
87-89.9%	870-899	B+		3.33
83-86.9%	830-869	B	Above Average	3.00
80-82.9%	800-829	B-		2.67
77-79.9%	770-799	C+		2.33
73-76.9%	730-769	C	Average	2.00
70-72.9%	700-729	C-		1.67
67-69.9%	670-699	D+		1.33
63-66.9%	630-669	D	Below Average	1.00
60-62.9%	600-629	D-		0.67
00-59.9%	000-599	F	Failure	0.00

LOGISTICS CHART

Hour	Week 1	Week 2	Week 3	Week 4	Week 5
1	<ul style="list-style-type: none"> ▪ Instructor Introduction ▪ Class structure ▪ Class topics overview ▪ Topic: Overview of Fin. Mgmt. -Role of Fin'l Mgr. 	<ul style="list-style-type: none"> ▪ Q & A ▪ Collect homework ▪ Quiz #1 	<ul style="list-style-type: none"> ▪ Q & A ▪ Collect homework ▪ Collect Quiz #2 ▪ Topic: Fin'l Statement analysis -Ratio analysis 	<ul style="list-style-type: none"> ▪ Q & A ▪ Collect homework ▪ Quiz #3 ▪ Topic: Fin'l markets and Institutions 	<ul style="list-style-type: none"> ▪ Q & A ▪ Collect homework ▪ Quiz #4 ▪ Topic: Working Capital Management
2	<ul style="list-style-type: none"> ▪ Fin'l Manager Perspectives ▪ OPM Film Clip ▪ Forms of a business ▪ Agency problems ▪ Wealth maximization ▪ <Break> 	<ul style="list-style-type: none"> ▪ Quiz Review ▪ Topic: Time Value of Money -Future Value -Present Value -Compounding -Discounting ▪ <Break> 	<ul style="list-style-type: none"> ▪ Financial Statement analysis (cont.) ▪ <Break> 	<ul style="list-style-type: none"> ▪ Fin'l markets and institutions (cont.) ▪ <Break> 	<ul style="list-style-type: none"> ▪ Working Capital management (cont.) ▪ <Break>
3	<ul style="list-style-type: none"> ▪ Topic: Review of Financial Statements -Income Statement -Balance Sheet -Statement of Cash Flows 	<ul style="list-style-type: none"> ▪ Time Value of Money (cont.) 	<ul style="list-style-type: none"> ▪ Warren Buffet tape (part 1) ▪ Financial Statement analysis (cont.) 	<ul style="list-style-type: none"> ▪ Warren Buffet tape (part 2) ▪ Topics: Bonds -Characteristics -Ratings 	<ul style="list-style-type: none"> ▪ Peter Lynch tape
4	<ul style="list-style-type: none"> ▪ Topic: Interest Rates -Risk-free rate -Risk premiums -Yield curve ▪ Topic: Introduction to Time Value of Money ▪ Class Review 	<ul style="list-style-type: none"> ▪ Time Value of Money (cont.) ▪ Class Review ▪ Take-home Quiz #2 	<ul style="list-style-type: none"> ▪ Financial Statement analysis (cont.) ▪ Class Review 	<ul style="list-style-type: none"> ▪ Topic: Stocks ▪ Class Review 	<ul style="list-style-type: none"> ▪ Review for Final exam ▪ Take home final exam (due next week)

OVERVIEW OF STUDENT ASSIGNMENTS DUE BY WEEK

Readings include only complete sections which begin on the first stated page number and end on the last stated page number. Partial sections or paragraphs are not included in the assigned reading pages.

WEEK ONE:

- No written assignments due
- Read finance text pages 1-21, 54-69, 162-179

WEEK TWO:

- In class, take Quiz #1
- Homework due at beginning of class:
 - Questions: 1-1, 1-2, 1-3, 1-8, 1-10, 3-1, 3-2, 3-4, 3-6
 - Problems: 3-4, 3-5, 6-1
 - Define Terms: Ch. 1 ST-1 (b, d, e, h), Ch. 3 ST-1 (a, c), Ch. 6 ST-1 (g, h)
- Read finance text Chapter 5. (The text offers a financial calculator solution. We will cover this in class and it will be used on the quiz and final).

WEEK THREE:

- In class, take Quiz #2
- Homework problems due at beginning of class:
 - Questions: 5-1, 5-3, 5-4
 - Problems: 5-1, 5-3, 5-5, 5-7, 5-11, 5-13, 5-15, 5-17, 5-19, 5-23, 5-25, 5-33
 - Define Terms: ST-1 (a, c, d)
- Read finance text Chapter 4.

WEEK FOUR:

- In class, take Quiz #3
- Homework problems due at beginning of class:
 - Questions: 4-2, 4-4, 4-6
 - Problems: 4-1, 4-5, 4-7, 4-9, 4-12, 4-20, 4-22 (a,b)
 - Define Terms: ST-1 (f, g, h,)
- Read finance text 26-43, 183, 194-203, 269-274

WEEK FIVE:

- Read finance text Chapter 15
- In class, take Quiz #4
- Homework problems due at beginning of class:
 - Questions: 2-3, 2-4, 2-7, 2-8, 7-6
 - Define Terms: Ch. 2 ST-1 (b, c, d, e, g, i, j), Ch. 7 ST-1 (a, c, g, k), Ch. 9 ST-1 (a, b, c)
- Review for final
- Distribute take-home final exam (due following week)

4/09