



***CCBU 517 – Corporate Financial Management
Fall, 2015***

Moravian College Comenius Center
Tuesday, 6:30 PM – 9:30 PM, PPHAC 112

Instructor Information:

- Name: Joseph Szmania
 - Office: Benigna 215
 - Office Hours: Tuesdays 5:00 – 6:00 PM. Generally speaking, we can resolve most issues via email or phone but I am happy to sit down and discuss matters with you as needed.
 - Telephone: 610-745-9973
 - Fax: 610-865-1986. Let me know ahead of time when you will be faxing me something so I can plug the machine in.
 - Email: jszmania@ptd.net. I have a Moravian College email address (Szmaniaj@moravian.edu) but I use it infrequently.
 - Blackboard: <http://blackboard.moravian.edu/>
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Course Description:

This course focuses on the integration of both the theoretical and practical aspects of financial and investment decisions in the corporate environment. Students will learn to fully utilize accounting and financial information to make sound financial decisions. Topics include the objective of the firm, financial statement analysis, risk & return, capital budgeting, cost of capital, financial decision-making under conditions of uncertainty, bond pricing, equity pricing and corporate valuation. 3 graduate credits.

General Description:

- This one-semester course is a comprehensive review of the foundations of modern corporate financial theory and its applications. At the completion of the course, the student will be able to address a wide variety of financial issues facing a company or as a financial analyst. Many of these core principles can also be applied to areas of personal finance.
- The course is structured around the theme of valuation – how can managers increase the value of a company and how to estimate the value of various financial and real assets.

- Therefore, much of the course is designed to help the student understand how the application of various financial concepts and tools can be used to improve the value of the firm.
- The course is a mixture of theory, tool (formula) development and the practical application of those tools using Excel. There are several broad areas to the course:
 - 1) Theory - To understand various important financial theories such as the relationship between risk & return (Portfolio theory), the Capital Asset Pricing Model (which is an extension of the basic risk/return tradeoff), the Efficient Markets Hypothesis and others.
 - 2) Tools - Develop and learn how to apply various analytic tools to enable you to estimate the value of an asset and make sound financial decisions for a company.
 - 3) Excel - To learn how to use the various built-in Excel financial & statistical functions in your analytic work.

Student Learning Objectives

Students in the Moravian MBA program are expected to acquire knowledge and skills across a number of management functions. This particular course emphasizes several of those objectives.

- **Gathers information** -- Collects information to better understand the situation, issues, problems, and opportunities; studies organizational systems to better understand the factors affecting the business; integrates information from a variety of sources; asks internal and external partners for input and insight.
- **Applies financial data** - Understands financial goals and interprets financial data related to business success measures; accurately reads and understands the implications of financial statements, graphs, tables, etc.; performs quantitative calculations in building a business case, preparing budgets, and calculating various financial metrics.
- **Creates a value proposition** - Establishes the link between business needs and specific solutions; documents how solutions will achieve targeted business results; identifies outcomes that will result from implementing learning and performance solutions; creates a compelling business case.
- **Integration of Business Skills and HR Management** - To develop students' abilities to integrate business skills (including but not limited to strategic management) into human resource (HR) management.

The Comenius Center requires faculty to assess and measure how the course has achieved its course objectives. To that noble end, ungraded pre-course and post-course assessments will be conducted. Your first homework assignment will be to complete the pre-course assessment. More on this topic below.

Text:

Financial Management: Theory & Practice, 14th Edition, Eugene F. Brigham and Michael C. Ehrhardt, South-Western Cengage Learning, 2013

It's a good textbook. The fact that it is in its 14th edition means that it has stood the test of time. Both authors are well-known.

Obviously we can't cover the entire book in one semester. However, in addition to being a good textbook, you will find this to be a good reference text for ideas in how to tackle different financial problems beyond what we discuss in class.

Text Web Site & Supporting Materials:

www.cengagebrain.com.

There is free supporting material for the course on the web site. But it takes a bit of work to maneuver the web site to find it. They don't make it easy.

- 1) Go to the bottom of the web page and look click on 'Find Study Tools'.
- 2) Type in the ISBN #9781111972202. Click on 'Find Study Tools'.
- 3) Click on 'View Study Tools'.
- 4) That will take you to a web site where you can buy the book (which you already have). But if you go to the middle of the web page, you will see 4 folder tabs – 'Resources', 'Related Products', 'Bundle & Save' and 'Free Materials'. Click on 'Free Materials'.
- 5) Click on 'Access Now'. On the left-hand side will be various free materials that you can download. Web chapters, web extensions, Tool Kits, TVM spreadsheet. The TVM spreadsheet provides various Present Value and Future Value factors. In the past, these factors would be included in the textbook. They are now a standalone spreadsheet.
- 6) I will post any additional material relevant to our course on Blackboard.

Thomson One - Business School Edition:

If you purchased a new textbook, there should be a card inserted after the first page. That card allows you one-year of free access to the Thomson Reuters Financial web site. The web site is a rich source of financial information on hundreds of companies. You may find this useful source of information for your paper/financial model.

Optional Information Sources:

Some places to look for financial information are through the textbook web site, Reeves Library, Yahoo, Value Line, Bloomberg, and D&B. There are a number of additional web sites that specialize in specific areas that are mentioned throughout the book. You might also take a look at

the Kahn Academy (<http://www.khanacademy.org/>) which as videos on finance that might be useful. Scroll down a bit and you will see a section on Finance and Economics. Click on that and the site will take you to a series of lessons.

Assignments:

Course Chapters

Section 1: Fundamental Financial Concepts

• **Part 1 – Fundamental Concepts of Financial Management**

Chapter 1 – An Overview of Financial Management and the Financial Environment

Chapter 2 – Financial Statements, Cash Flow and Taxes

Chapter 3 – Analysis of Financial Statements

Chapter 4 – Time Value of Money

Chapter 6 – Risk and Return

Section 2: Applying Fundamental Financial Concepts – Valuation Principles

• **Part 2 – Securities and Their Valuation**

Chapter 5 – Bonds, Bond Valuations and Interest Rates

Chapter 7 – Valuation of Stocks and Corporations

• **Part 3 – Projects and their Valuation**

Chapter 9 – The Cost of Capital

Chapter 10 – The Basics of Capital Budgeting: Evaluating Cash Flows

Chapter 11 – Cash Flow Estimation & Risk Analysis

• **Part 4 – Corporate Valuation**

Chapter 12 – Corporate Valuation and Financial Planning

Additional notes and readings will be handed out in class and/or placed on Blackboard.

Class Schedule - GA

Week #	Date	Chapters Reviewed
1	9/1	1 & 2
2	9/8	3 & 4
3	9/15	6
4	9/22	Midterm
5	9/29	5 & 7
6	10/6	9 & 10
7	10/13	11 & 12
8	10/20	Final Exam

Class Schedule - GB

Week #	Date	Chapters Reviewed
1	10/27	1 & 2
2	11/3	3 & 4
3	11/10	6
4	11/17	Midterm
5	11/24	5 & 7
6	12/1	9 & 10
7	12/8	11 & 12
8	12/15	Final Exam

Homework Schedule - GA

Week #	Date	Problem sets due
1	9/1	Pre-Course Assessment
2	9/8	1 & 2
3	9/15	3 & 4
4	9/22	6
5	9/29	None
6	10/6	5 & 7
7	10/13	9 & 10
8	10/20	11 & 12 + Paper

Homework Schedule - GB

Week #	Date	Problem sets due
1	10/27	Pre-Course Assessment
2	11/3	1 & 2
3	11/10	3 & 4
4	11/17	6
5	11/24	None
6	12/1	5 & 7
7	12/8	9 & 10
8	12/15	11 & 12 + Paper

Grading Elements:

- **Problem Sets:**

There is an Excel spreadsheet on Blackboard that has the problem sets. There is one tab for each chapter.

Your answers to the chapter problem sets are due to me before the beginning of class the following week. The problem sets for the last chapter(s) are due on the day of the final exam.

For the most part, the homework problems are largely of the calculation and spreadsheet variety.

You will find that some of the problems are associated with material that was not covered in class. But the material is in the book. Problem sets are to be worked on and completed on your own. Using the book or other references is certainly fine. Late submissions are not accepted. The answers to the problems will be posted on Blackboard following the submission of your answers.

Homework problems are designed to test students on the basic principles and techniques developed in the course.

Please be organized in answering the problem sets.

Email the entire workbook to me when you complete the chapter questions. When emailing your homework, please use the following file syntax - 'Chapter x-Last Name, First Name'.

- **Midterm Exam:** The midterm exam will be posted on Blackboard on Tuesday September 22. It is due no later than Wednesday morning September 23 at 9:00 AM. It will be an Excel file. Please email your answers back to me in the same spreadsheet.

The structure of the test and the questions will be in the same spirit as the homework assignments.

Please name your submitted midterm spreadsheet using the following syntax 'Midterm-Last Name, First Name'.

There is no class that day.

- **Paper/Financial Modeling:** Topic: Take the financials of a publicly-traded firm of your choice and develop 3 different models for estimating its stock price – 1) Dividend model, 2) Market Multiple model and 3) Cash Flow model. Compare these 3 estimates with the actual price. Provide some ideas why the models might be giving you an answer that is different from the actual price.

Information provided in Chapters 2, 7, 9 and 11 will be the most direct help in developing your models. You will need to make a number of assumptions along the way. Be sure you state your assumptions and why you made them.

Grading is based on the following criteria – 1) the completeness of your models, 2) the organization of your models, 3) your ability to bring firm-specific and industry-specific information into your models and 4) presentation of your results.

This should be completed in Excel. You can submit this via email. Late submissions will not be accepted.

Please name your submitted paper/model spreadsheet using the following syntax for the file name - 'Paper-Last Name, First Name'.

- **Final Exam:** The final exam will be posted on Blackboard on Tuesday October 20 at 6:30 PM. It is due no later than 9:00 AM on October 21. You can email it back to me. There is no class that day.

Please name your submitted final exam spreadsheet using the following syntax 'Final Exam-Last Name, First Name'.

Grading Summary:

The course grade is based on the following distribution:

- Problem Sets – 40%

- Paper – 10%
- Midterm & Final Examination – 50%
 - The test grades will be weighted in the following manner –
 - Highest grade - 30%
 - Second Highest – 20%
- Note: Attendance and class participation are not factored into your grade calculation.

Other Important Information:

Class Structure

This is a hybrid course – a mixture of classroom time and self-learning. There are several parts to the course structure –

- 1) **Lectures** - Download and review the PowerPoint lectures prior to the class. These lectures contain the course material with voice included. These are the course lectures that would ordinarily be given in class.
- 2) **Questions** – During the week, you can ask questions via the ‘Discussion’ feature in Blackboard. (More on this below in the ‘Blackboard’ section.)
- 3) **Computer Lab Classroom** – We will meet in the computer lab classroom each week. The purpose of the class is two-fold – 1) Review the questions that I have not addressed during the previous week. 2) Provide additional explanations to questions that I did respond to. 3) Review the chapter Excel Toolkits.

This third part is a hands-on Excel practice of the application of the tools that are discussed in the lectures. The purpose of doing this is to advance your Excel skills in the area Corporate Finance. Since Excel is a basic tool used in financial work, we spend time practicing using some of the common Excel functions and features used in financial work. In this class, we will also be reviewing some concepts and tools that are not covered in the class lectures.

Since we will be using the classroom computers you will be able to save your classroom spreadsheet exercises by either bringing a thumb drive with you or you can store it using Google Drive.

However, you should also feel free to bring your own laptop to do the work rather than using the lab computers. The choice is yours. We are conducting the class in the computer lab classroom simply because not everybody may have a laptop.

Note that the Computer Lab Classroom meetings are voluntary. If you feel that you are comfortable with the material and your Excel skills are comparable to what will be discussed in class, then there is certainly no need to attend. Each semester, there are usual a few students who never attend class.

The list of Finance and Excel topics covered in the lab class are below –

Lab Classroom

Chapter	Section	Topics reviewed
2	Finance Excel	Various financial metrics from a sample Balance Sheet & Income Statement Vlookup, Hlookup

3	Finance Excel	Various financial ratios from a sample Balance Sheet & Income Statement, DuPont Analysis Pivot Tables
4	Finance Excel	FV & PV - Lump Sum, Annuities, Perpetuities, Loan Amortization FV, PV, Rate, NPER, PMT, NPV, IRR, specialized amortization functions, Roundup, Goal Seek
6	Finance Excel	Returns to an investment, risks to an investment, Beta Average, Standard Deviation, Sumproduct, FVSchedule, Maximum, Minimum Correlation Coefficient (CORREL), Slope, Intercept, RSQ, LINEST
5	Finance Excel	Bond Prices, Yield to Maturity, Calculating Coupon Returns and Capital Gains Returns. Rate, Price, Yield, Data Table (One-Way, Two-Way), Round function
7	Finance Excel	Calculating stock prices from dividends and cash flows.
9	Finance Excel	Calculate WACC from r_d , r_{ps} , r_s . Calculate return to equity using CAPM.
10	Finance Excel	PP, DPP, NPV, IRR, MIRR, PI NPV, IRR, MIRR, Percentrank, IF Statements, Goal Seek, ABS, MIN
11	Finance Excel	Estimating Cash Flows from sample Balance Sheet & Income Statement Data Table (One-Way, Two-Way), Goal Seek, Scenario Manager
12	Finance Excel	Creating Pro Forma financial statements

First Assignment(s)

- 1) You should self-enroll in Blackboard. (Discussed further below in the Blackboard section.) When you do so, please update your personal information to include the email address that you prefer to use for correspondence during the course.
- 2) Survey #1 – Alternate Class Days - When you log in to Blackboard, there are two surveys that I would like you to complete. In the first one, I will ask you to provide me with 3 alternate days you would be available should we need a make-up class. In the event that we need to have a make-up class, I would have it at 6:30 PM Monday through Friday and either 9:00 AM or 1:00 PM on Saturday. This is due by Friday September 4 at 5:00 PM .
- 3) Survey #2 - Complete the anonymous ungraded pre-course assessment. Please complete this by Friday September 4 at 5:00 PM. This is an anonymous assessment of the general level of student knowledge of Corporate Finance before taking the course. The purpose

is to establish a course baseline. This is not an open-book test or anything like that. You answer the questions based on what you know. It is ungraded and will not be a part of your course grade. You should take no more than 5 minutes to complete this.

Please email both surveys back to me. The file names should take the following syntax – ‘Alternate-Last Name, First Name’ and ‘Pre-Course Assessment-Last Name, First Name’.

Academic Honesty

From the Student Handbook -

Academic integrity is the foundation on which learning at Moravian College, Moravian Theological Seminary, and the Comenius Center is built. Students are expected to perform their academic work honestly and fairly. In addition, students should neither hinder nor unfairly assist the efforts of other students to complete their work successfully. Institutional expectations and the consequences of failure to meet those expectations are outlined below.

In an academic community, students are encouraged to help one another learn. Because no two students learn in exactly the same way or absorb exactly the same things from a lecture, students are encouraged to study together. The boundaries on what is or is not acceptable work may not always be clear; thus, if at any point in academic work at Moravian, students are uncertain about their responsibility as scholars or about the propriety of a particular action, the instructor should be consulted. The list below is not to be considered complete but rather covers the most common areas of concern. In general, students should be guided by the principles as described in the Student Handbook which covers the following areas -

- Plagiarism
- Cheating
- Helping or Hindering Others
- Falsification
- Other Inappropriate Behaviors
- Consequences of Violating the Academic Honesty Policy

The Student Handbook link on the Moravian College Honesty Policy - <http://www.moravian.edu/studentLife/handbook/academic/academic2.html>

Attendance

Class attendance is not explicitly included in your grade calculation.

Blackboard: <http://blackboard.moravian.edu>. Please self-enroll. You need to enroll in the course Blackboard shell even though you have already registered for the course. The Blackboard

course password is 'cf2015'. Blackboard registration instructions are provided at the conclusion of this syllabus.

Please include your preferred email address when you enroll. At the conclusion of the course, a course/teacher evaluation will use those email addresses to contact you.

I believe that Blackboard allows only a single email address. If you prefer to have multiple email addresses (e.g. work and home), then just send me a note with them.

Documents -

All documents will be loaded in the 'Course Content' section.

Besides the syllabus, there are several other items that will be posted on Blackboard:

1. Questionnaire regarding alternate class days if we need to cancel a class.
2. Pre-Course & Post-Course Assessments. You will download these, complete and then email them back to me. The Pre-Course assessment is due back to me by Friday. The Post-Course assessment will be a part of the final exam.
3. Chapter Lectures
4. Chapter Tool Kits
5. Problem Sets – The problems sets for each chapter. Note that these problems sets are different from the ones at the end of each chapter in the textbook.
6. Answers to the Problem Sets as they come due.
7. Miscellaneous Articles

Because of Blackboard file limitations, some chapter lectures are divided into two or more sections. You will need to splice together the different sections to create the whole chapter.

As a heads-ups, there have been reports of Blackboard problems when accessing it using Internet Explorer. If that happens to you, you might want to consider an alternate browser such as Mozilla Firefox, Google Chrome or Safari.

Please begin downloading the PowerPoint lectures to your hard drive. Because of Blackboard space limitations, I can't load all of the lectures at one time. Over the next two weeks, I will begin to delete the lectures for the first few chapters and replace them with the remaining chapters.

Discussion Board –

We will use the 'Discussions' feature of Blackboard to address student questions during the times when we are not in class. There is a forum for each chapter of the course. If you have a question about the material, homework problems, administrative matters or other items relating to the course, simply create a thread in the appropriate chapter forum and ask your question. (You can do so anonymously if you are so inclined.) I will respond to the question so that everybody can see the question and answer. If you prefer, you can email your questions to me.

Obviously, communications of a more personal nature such as class absences, delays, family matters etc. should be addressed to me via email, phone call or personal meeting.

Calculator

A financial calculator is helpful for classes, problem sets, and exams. At minimum, your calculator should be able to compute powers (x^y) and take the natural logarithm (ln) of a number. Although not a requirement, a good choice is a financial calculator. Two of the most popular are the Hewlett-Packard HP-10B and the Texas Instruments BA II Plus. Or you can download a financial app to your phone.

The course will focus on developing and explaining various financial formulas. Because of time constraints, we won't review the built-in financial functions on a calculator or the various Smartphone apps. Instead, we'll explain how to use the financial functions in Excel.

Campus Safety

The Campus Safety office is located at 115 W. Greenwich St. behind the Elizabeth Avenue parking lot. The on-campus phone number is x1421 and the off-campus number is 610-861-1421. The emergency extension number is x1465.

Canceled Classes

Class may be canceled due to weather or for some other reason. In the case of cancellation, an announcement will be posted on Blackboard and an email will be sent to inform students of the cancellation. It is the student's responsibility to check Blackboard and their email prior to each class period to determine if class is canceled.

Copyrights

Only the copyright holder has the right to make copies of books, articles, cases, software, and other copyrighted material. Anyone else (you, the reader) must have the copyright holder's permission to make copies unless the item being copied falls under the fair use proviso or is a work in the public domain. You must get permission from the copyright holder to make any copies legally of any copyrighted material.

Disabilities

Students who wish to request accommodations in this class for a disability should contact Ms. Elaine Mara, Assistant Director of Academic & Disability Support, located on the first floor of Monocacy Hall (extension 1401). Accommodations cannot be provided until authorization is received from the Academic Support Center."

e2Campus

In the event of an emergency the system called e2Campus allows Moravian College to send text messages to the cell phones of registered members of the campus community with information about what is happening and/or what precautions should be taken. Up to two cell phone numbers and two e-mail addresses per user may be registered. This service is an integral part of the College's emergency response system. If you are not already registered on the system, please do so as soon as possible. To register for e2Campus visit <http://intranet.moravian.edu/e2campus/index.asp> from a computer on Moravian's campus.

Expectations of Students

Appropriate behavior is expected. Please turn off your cell phones during the class. If there is a potential emergency that requires you to keep your phone on during class, please keep it on vibrate mode.

Homework assignments, papers and tests are due at the assigned times. Late submissions will not be accepted unless previously approved by me.

Grading Judgment

It is within the purview of the instructor to apply qualitative judgment in determining grades for an assignment or for a course.

Inclement Weather

In the case of inclement weather, the instructor will post a message on Blackboard to inform students if the class is canceled. It is the student's responsibility to check Blackboard prior to each class period for cancellations due to inclement weather.

Inclusion

Moravian College is a welcoming community that embraces and values the diversity of all members of the campus community. We acknowledge the uniqueness of all individuals, and we seek to cultivate an environment that respects, affirms, and defends the dignity of each member of the community. Moravian College complies with all federal and state laws regarding nondiscrimination in recruitment, admission, and employment of students, faculty, and staff.

You may wonder what that statement means. For the purposes of this class, the statement means that all persons, regardless of actual or perceived race, color, sex, religion, ancestry, genetic information, national origin, sexual orientation, gender identity or expression, familial status, marital status, age, mental or physical disability, use of guide or support animals and/or mechanical aids have an equal opportunity to participate and learn in this class and are to be treated equally in an inclusive and supportive manner.

In other words, in this class we all promote a culture of inclusion that welcomes and supports people of varying backgrounds, different viewpoints, experiences, talents, and ideas. By

respecting and valuing these differences we can make problem solving and decision making multi-dimensional leading to more learning and better outcomes for all, including project clients.

Behaviors such as those listed in the table below will lead to an inclusive classroom culture.

Behavior	Description
Listening to understand	Listening with an open mind to fully understand all aspects of a situation
Seeing multiple points of view	Understanding that our perspective is not the only one when looking at a situation, issue, or person
Giving and receiving feedback	Inviting and giving feedback
Enhancing inclusion	Helping others feel included and involved
Addressing inappropriate behavior	Acknowledging inappropriate behavior; communicating expectations and consequences for repeated behavior.

Source: MIT Human Resources, Diversity & Inclusion, <http://hrweb.mit.edu/diversity/affirmative-action-plan-admins/resources>

Syllabus Status

This syllabus and the course contents are subject to change at the discretion of the instructor. Generally changes will be finalized only after discussion of the change with students in the class.

Workload

Students can expect to work, on average, at least 3 hours on average outside of class in reading, preparation, and project activities for each hour of class time. Some students will require fewer hours and some will require more hours.

Process for Enrolling in Blackboard Course Site

To enroll in Blackboard and your course shell, please do the following:

Go to <http://blackboard.moravian.edu>

Type in your **username**, (example: stxxx01) and your **initial password**. Your initial password is the **same as your network account password**. Press LOGIN.

Click on the **Home** tab at the top of your screen.

To enroll in a course shell, you will need the course ID or name, and an enrollment code that your professor will provide if he/she is using one.

Course ID _____

Enrollment Code _____

To enroll in a course shell:

- Click on the **‘Courses’** tab at the top of the screen.
- Under **‘Course Search’** type in the course ID
- Select **‘Go’**

OR

- Use the **‘Browse Course Catalog’** hyperlink on the **‘Course Catalog’** module
- Fill in the information in the **‘Search Catalog’** dialog boxes
- Select **‘Go’**

Locate the chevron to the right of the course name.

- Select **‘enroll’** from the pull-down menu (*Do not select the course hyperlink if one is available.*)
- Type in the **enrollment code** for this class if needed.
- Select the **‘Submit’** button at the bottom or top of the page

Repeat this process for any course your professor has told you there is a Blackboard shell.

After enrolling in your course site(s), a complete list of course sites in which you are enrolled will appear on the upper right of your screen each time you log in to the Blackboard site. Simply click on the link to enter that course site.