

Course	FIN 6100
Semester	Summer 2018
Instructor:	Dr. Joe Smolira
Credit:	2 hours
Location:	MC 305
Meeting Time:	6:15 – 9:00 p.m. Wed
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Office hours:	T-R: 3:00 – 6:15 and by appointment

These are my official office hours, but my door is generally open, even when I am in my office on weekends. I am always willing to help on course-related matters, and finance in general. If you have questions that didn't get answered in class, please stop by my office. You are also welcome to give me a call or email me.

"FINANCE. Eat your spinach. Finance is at the core of so many successful companies that no CEO aspirant can afford to avoid schooling in it, even if it means mastering some math you haven't encountered since high school. This will help you understand, among other things, how your company raises and allocates capital. It will also make clear why that new product your team has designed might not be launched, despite its sensational showing in test markets: The numbers indicate that most likely the returns on the item will never clear the hurdle rate that will cover the cost of capital it requires and deliver a profit as well."

*Really Important Things You Need to Know*, **Fortune**, Jan. 15, 1996, 36-37.

#### Course Overview:

The primary goal of the course is to help you understand how the application of financial principles can help company management increase the value of a company. The topics we discuss will help you understand the "why" of how financial decisions are made, in addition to the "how" of how these decisions are made. The secondary goal of this course is to help you understand how decisions made by corporations impact your future financial health. Even though many of you are not close to retiring (some, like me, closer than others), you are probably faced with how to save for your retirement. This course will give you a foundation for understanding this and other important financial decisions.

#### Course description:

This course contains the basic financial concepts, tools, and techniques used by financial managers. The topics covered include cash flow analysis, stock and bond valuation, capital budgeting, risk and return, the cost of capital, long-term financial planning, and strategic financial decisions.

### Course objectives:

1. Analyze business economic activity through ratio analysis.
2. Differentiate between net income and cash flow analysis.
3. Apply time value of money concepts to cash flows.
4. Calculate stock and bond prices.
5. Recognize the relation between risk and return as it relates to asset valuation.
6. Analyze capital budgeting projects.

### Objectives of the Massey Graduate School of Business Administration:

Students will be able to:

1. Integrate knowledge from the core areas of business.
2. Prepare and deliver effective oral presentations.
3. Communicate effectively in writing.
4. Use team building and collaborative behaviors in the accomplishment of group tasks.
5. Analyze business situations and propose recommendations for problem solving and decision making using information and logic.
6. Recognize key concepts related to international business and demonstrate how a global perspective can inform business decisions.
7. Recognize and analyze ethical dilemmas in practical business situations and propose resolutions.
8. Appraise the role of the entrepreneurial process in economic activity.

### Text and supplementary materials:

- *Corporate Finance: Core Principles and Applications*, 5th edition, Ross, Stephen A., Randolph W, Westerfield, Jeffrey F. Jaffe, and Bradford D. Jordan, McGraw-Hill Irwin, 2017. Note: The textbook in the bookstore is a custom paperback that does not contain all of the chapters in the full textbook.
- You will also need to obtain a Connect account. An access code should be packaged with new textbooks, or you can purchase an access code online at the textbook website. The class home page for Connect is <http://connect.mheducation.com/class/j-smolira-fin-6100-summer-2018>. Connect will allow you to rework problems to master the important financial concepts we will discuss.
- Class Excel spreadsheets which are available on my webpage.

### Keys to Success in FIN 6100

*Always feel free to ask me any question on any work. Stop by my office sometime.*

Learning in this course is derived primarily from class discussion, computer quizzes, and examinations. Students will benefit most from class if they have read the assigned material before class.

The way to be successful in this class is to *work problems and ask questions*. Watching me or others work problems is not the same as working them yourself. After you see me or someone else work a problem, work another similar problem by yourself. Also, when you are working problems, work the problem without the Solutions Manual. It is easy to convince yourself “That’s what I would have done” when you are looking at the solution. When working a problem, ask yourself “why” you did it this way, not just “how”. To be successful, this class does require a significant commitment outside of class time. Six to eight hours a week outside of class would not be unusual.

You may want to consider forming a study group early in the semester (Don't wait until right before the first exam). Study groups allow you to learn from your peers. It will also allow you to explain important topics to your peers, which will help you understand the topic better yourself.

*Always feel free to ask me any question on any work. Stop by my office sometime. It really is a nice office!*

### Course Policies and Procedures:

#### *Connect*

Each student will be responsible for obtaining a Connect account. You will have to complete a homework assignment on each chapter covered in the course. You can take an unlimited number of attempts on each chapter. You must earn a 70% on each chapter to receive credit for that chapter. If you earn 70% or higher on the first homework, you are not required to take any more, although you may at your discretion. Only the highest score greater than 70% from each chapter will be counted. If you do not earn 70% or above on a particular chapter, no credit will be given for that chapter, i.e. your score will be a zero.

Homework is open note, open book, but you are not to solicit or receive help from anyone else (other than me). The highest score (above 70%) will be your homework score for that chapter. The homework counts a total of 100 points in the class. Your homework grade will be the average of your highest homework score for each chapter (above 70%) times 100. For example, if you average a 90% on all homework assignments, you will receive 90 points ( $.90 \times 100 = 90$ ). If you do not complete homework on any chapter, or earn less than a 70% on any attempt, your score for that homework is a zero. The homework assignments for each chapter will be available at 6:00 PM on the date the chapter is first discussed (listed on the syllabus). You will not be able to take homework after the due date listed. If for any reason a chapter is not covered in class, the homework for that chapter will not be required. Note: LearnSmart assignments are considered homework and will count as 25 percent of your overall homework score.

The Connect assignments due dates are shown on the last page of the syllabus. Note that each assignment will close at 6PM on the date it is assigned. Each chapter also has a practice assignment. *Your scores on practice assignments will not count toward your grade.*

#### *Makeup policy*

Unless agreed upon in writing in advance by the instructor make up tests will not be allowed and a zero will be given for the missed work.

#### *Other policies*

Each student is responsible for adhering to all Jack C. Massey Graduate School of Business academic policies as described in *The Belmont University Graduate Bulletin, 2018-2019* and any subsequent modifications, extensions or interpretations. Any student guilty of an infraction of the academic dishonesty policy will be given a grade of "F".

### **University Policies:**

#### Accommodation of Disabilities:

In compliance with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act, Belmont University will provide reasonable accommodation of all medically documented disabilities. If you have a disability and would like the university to provide reasonable accommodations of the disability during this course, please notify the Office of the Dean of Students located in the Beaman Student Life Center (460-6407) as soon as possible.

### Honor Code:

The Belmont community values personal integrity and academic honesty as the foundation of university life and the cornerstone of a premiere educational experience. Our community believes trust among its members is essential for both scholarship and effective interactions and operations of the University. As members of the Belmont community, students, faculty, staff, and administrators are all responsible for ensuring that their experiences will be free of behaviors, which compromise this value. In order to uphold academic integrity, the University has adopted an Honor System. Students and faculty will work together to establish the optimal conditions for honorable academic work. Following is the Student Honor Pledge that guides academic behavior:

“In affirmation of the Belmont University Honor Pledge, I will not give or receive aid during examinations; I will not give or receive false or impermissible aid in course work, in the preparation of reports, or in any other type of work that is to be used by the instructor as the basis of my grade; I will not engage in any form of academic fraud in the fulfillment of my requirements for graduation whether curricular or co-curricular. Furthermore, I will uphold my responsibility to see to it that others abide by the spirit and letter of this Honor Pledge.”

### Attendance

Belmont University is committed to the idea that regular class attendance is essential to successful scholastic achievement. Absence is excused only in cases of illness or other legitimate cause. Attendance is checked from the first class meeting. Late registrants will have accrued some absences prior to formal registration in the course. In the case of excused absence from class, students have the right and responsibility to make up all class work missed.

### Course Evaluations:

Belmont University provides all students with the opportunity to evaluate their courses. Toward the end of each semester, students will be made aware that the online course evaluations are open. Students are expected to participate in course evaluations when they are made available.

### **Grading**

For the final grade, each exam will be weighted 40 percent and the average homework grade will be 20 percent.

A	93-100	C	73-77
A-	90-92	C-	70-72
B+	87-90	F	<70
B	83-86		
B-	80-82		
C+	77-80		

### Note to the grading scale:

Although successful completion of the homework does not guarantee a good grade, it is one component for success in this course. As a result, a homework grade qualifier applies to the above grading scale. In order to receive a grade of B- or higher, your homework grade average must be higher than 80 percent. If your homework grade is below 80 percent, the highest grade you can achieve in this course is a C.

Tentative Class Schedule:

<u>Date</u>	<u>Chapter(s)</u>	<u>Homework Due</u>
July	2 2 Financial Statements and Cash Flow 3 Financial Statements Analysis and Long-Term Planning	LS 2, 3
	9 4 Discounted Cash Flow Valuation	Ch 2 LS 4
	11 4 Discounted Cash Flow Valuation 5 Interest Rates and Bond Valuation	Ch 3 LS 5
	16 6 Stock Valuation	Ch 4 LS 6
	18 7 Net Present Value and Other Investment Criteria 8 Making Capital Investment Decisions	LS 7, 8
	23 <b>Mid-term Exam – Chapters 1, 2, 3, 4, 5, 6</b>	Ch 5, 6
	25 8 Making Capital Investment Decisions 9 Risk Analysis, Real Options, and Capital Budgeting	Ch 7 LS 9
	30 10 Some Lessons From Capital Market History 11 Risk, Return and the Security Market Line	Ch 8 LS 10, 11, 13
Aug	1 12 Risk, Cost of Capital, and Capital Budgeting	Ch 9, 10, 11 LS 12
	6 <b>Final Exam – Chapters 7, 8, 9, 10, 11, 12</b>	Ch 11, 12