MBA 707: Financial Management

Spring 2020

Instructor: Dr. Hunter An
Classroom: BRYN 204 (2–4:50 pm Thursday)
Office: Bryan Building, Room 325
Phone: (336) 334-3153
Email: h_an@uncg.edu
Office Hours: Thursday: 4:50-5:50 p.m. and by appointments

PREREQUISITES: MBA 701 (Quantitative Analysis for Decision Making); MBA 702 (Financial and Managerial Accounting); MBA 703 (Economic Environment of the Firm)

OVERALL COURSE OBJECTIVES: Financial decision-making; topics include time value of money, risk and return, valuation of securities, financial options, cost of capital, capital budgeting, working capital policy, financing decisions.

LEARNING OUTCOME:

1. To state the major stakeholders in the modern corporation, describe how the interests of the stockholders in a firm may be in conflict with other stakeholders, and the role of ethics;
2. To understand the economic context and environment where decisions are made by business leadership and management;
3. To further students’ understanding of and the interpretation of financial statements;
4. To solve time value of money problems (TVM) and be ready to apply TVM techniques in the work environment including bond and stock valuation;
5. To identify the risk and return characteristics of financial securities, compare these characteristics and perform data analysis and interpretation;
6. To recognize financial options and apply option principles to other firm settings;
7. To apply risk and return estimation methodologies, including to the valuation of equity and debt claims and the firm’s cost of capital;
8. To identify relevant incremental cash flows, and apply capital budgeting techniques to these cash flows;
9. To contrast working capital policies in terms of risk and profitability;
10. To evaluate financing alternatives and the financial structure of the firm.

COURSE MATERIALS:

2. MyLab Finance (required for graded homework assignments).

You will obtain MyLab Finance access when you register for MyLab Finance as described below. Within MyLab Finance, an e-book is included, and a loose-leaf print version is available as an in-app purchase.

For other textbook options, the publisher’s website has all the information and corresponding ISBNs: http://www.mypearsonstore.com/bookstore/mylab-finance-with-pearson-etext-access-card-for-corporate-9780135161081?sid=PSED
Each student must have access to Pearson’s MyLab Finance product which you will be required to use to submit graded homework assignments. Student must register for this course in MyLab Finance within 2 weeks after the semester starts. **Your first and last names must be exactly the same in both Canvas and MyLab Finance.** (Work competed with the temporary access may be lost once the temporary access expires).

**To register for** MyLab Finance (course ID: an75048):

i. MyLab Finance is embedded in Canvas. Log in to Canvas first, and then go to this course MBA 707: click “MyLab and Mastering” in the menu (on the left), and then click “MyLab Finance Course Home” to begin the registration process.

ii. Sign in with your Pearson account:
   a. If this is your first time to take a Pearson MyLab or Mastering course linked to Canvas, you will be prompted to login with your Pearson account. Enter the username and password if you have a Pearson account. If you don’t have a Pearson account, create a new Pearson account. Make sure both your first and last names are exactly the same as in Canvas. Then go directly to step iii.

   b. If you have previously taken a Pearson MyLab or Mastering course linked to Canvas, you will not be prompted to login and you will be asked to enter your access code (see step iii)

iii. When prompted for access,
   a. click the **Access Code** button if you have already purchased an access code OR
   b. **purchase the access code** using a credit card or PayPal.

iv. You are now registered! Click “Go to your course” to access your MyLab Finance.

**To access** MyLab Finance later: click “MyLab and Mastering” in the Canvas menu.

3. **Wall Street Journal.** Student rate is $4 per month. You can cancel at any time. To get the student rate, please use my referral link below.

   [https://r.wsj.com/PROF6px3](https://r.wsj.com/PROF6px3)

4. Syllabus and lecture PowerPoint slides are within Canvas.

**PERFORMANCE EVALUATION:**

1. **Presentation:** 10-15 minutes PowerPoint presentation in class.

   The topic must be:
   a) informative
   b) related to finance (at least business)
   c) from a recent Wall Street Journal article

   Failure to follow the instructions below will result in penalty:
   o You need **post** the presentation topic, WSJ article link, and why you choose it **within Canvas** (step by step instruction below). Presentations are scheduled on a first posted basis. No repeat of previous presentations. Topics unrelated to the class are subject to removal. After your topic is approved and scheduled, you won’t be able to change your topic. Finalized slides should be posted in the discussion board within **Canvas by Monday of the week** of your presentation.

   • **To post your presentation within Canvas**
     a) Click “Discussion” in the menu (on the left)
     b) Click “+Discussion” on the top right
     c) Enter the topic title in the topic title field
     d) In the Rich Content Editor: paste the WSJ article(s) link(s) and enter the name(s) of the presenter(s)
     e) Attach the PowerPoint slides to your discussion (alternatively, you can post a Google drive link of your slides in the Rich Content Editor).
     f) Under “Options”: click the “Allow threaded replies” checkbox
     g) Click the “Save” button
• To comment on an existing presentation:
  a) Click the Reply link below the post.
  b) Type your comments…

Presentation made in January will receive 10 bonus points; February 5 bonus points; March 2 bonus points (up to 100). No presentation will be scheduled if posted after April 1.


3. Homework: Homework accounts for 25% of your total grade. You need complete the homework assigned on MyLab Finance before the due date, and it will be graded. You can try unlimited times for each homework (before the due date), and only the highest grade will be taken. There will be no extension of deadlines or make-up on graded homework.

Doing homework consistently is an absolute must for success in this course. You will find the course much easier if you keep up with the homework as it is assigned rather than leaving it all until a night or two before the test. I am a firm believer that you “learn by doing”. Therefore, the course has been designed with assignments throughout the semester so that you are motivated to keep.

4. Case studies: we will go through the cases in class first and details about the case reports will be provided within Canvas.

5. Quizzes: Quizzes are given in class throughout the semester and may not be announced in advance. Material covered may include newly assigned material as well as recently discussed topics. Because your lowest quiz scores will be dropped, there will be no make-up for any missed quiz.

6. Exams: Three exams will be done within Canvas in class. So please bring your laptop for exams (no iPad, phones, etc.). Your laptop screen can only be the exam page or Excel. Anything else is considered cheating. The first two exams will be 75 minutes, which is the latter half of the class. Your exam score will be the sum of the two highest scores out of the three, i.e., the lowest exam score will be dropped. There are no makeup exams. If you miss an exam, your exam score will be the sum of the remaining two exams. Exam questions will not be released to students after the exam.

GRADING:

All grade appeals must be in writing and submitted to me within one week of the time the grade is posted. No late appeals will be considered. Adherence to the Academic Integrity Policy is expected and required of all students for all exams and assignments. Failure to abide by this policy will result in disciplinary action. Details of the Academic Integrity Policy are available at http://saf.dept.uncg.edu/studiscp/Manual.html.

Your grade will be determined based on the following:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Homework</td>
<td>25%</td>
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<tr>
<td>Presentation</td>
<td>15%</td>
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<tr>
<td>Quizzes</td>
<td>10%</td>
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<tr>
<td>Case reports</td>
<td>10%</td>
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<tr>
<td>Paper</td>
<td>10%</td>
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<tr>
<td>Exams (15% each)</td>
<td>30%</td>
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The grading scale is as follows:

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<tr>
<th>Grade</th>
<th>Percentage</th>
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<tr>
<td>A</td>
<td>92% and above</td>
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<tr>
<td>A-</td>
<td>90 – 91.99%</td>
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<tr>
<td>B+</td>
<td>88 – 89.99%</td>
</tr>
<tr>
<td>B</td>
<td>82 – 87.99%</td>
</tr>
<tr>
<td>B-</td>
<td>80 – 81.99%</td>
</tr>
<tr>
<td>C+</td>
<td>78 – 79.99%</td>
</tr>
<tr>
<td>C</td>
<td>70 – 77.99%</td>
</tr>
<tr>
<td>F</td>
<td>&lt; 70%</td>
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ADMINISTRATIVE MATTERS:
a. Student Conduct: Students are expected to arriving for class on time, remaining in class for its duration, and doing absolutely nothing during class that is disruptive or detracts from the learning experience of others. If a student is notified of disruptive behaviors more than once, the overall course grade of the disruptive student will be reduced by one full letter grade. If the conduct continues, the instructors reserve the right to ask the student to leave and drop any student disrupting this class from the class. For an overview of specific University and Bryan School policies, please see the following links:

http://studentconduct.uncg.edu/policy/code/
www.uncg.edu/bae/faculty_student_guidelines.pdf

b. Student Disabilities: All students with a disability requesting special services must go through the Office of Disabilities Services. If you are requesting special accommodations, please bring your paperwork from Disability Services directly to me the first week of class. All such information will be held in confidence. The web link to this office is http://ods.dept.uncg.edu/services/.

c. No credit can be given for a dishonest assignment. At the discretion of the instructor, a student caught engaging in any form of academic dishonesty may be:
   • Given a zero for that assignment.
   • Dropped from the course.
   • Failed in the course.
   • Dropped from the school.

TOPICS

PART 1: INTRODUCTION
   1. The Corporation
   2. Introduction to Financial Statement Analysis

PART 2: TIME, MONEY, AND INTEREST RATES
   4. The Time Value of Money
   5. Interest Rates
      Paper: Hedge fund activism & Activist short selling
   6. Valuing Bonds

PART 3: VALUING PROJECTS AND FIRMS
   7. Investment Decision Rules (Case)
   9. Valuing Stocks

PART 4: RISK AND RETURN
   10. Capital Markets and the Pricing of Risk
   11. Optimal Portfolio Choice and the Capital Asset Pricing Model
   12. Estimating the Cost of Capital (Case)
   13. Investor Behavior and Capital Market Efficiency*

* If time permits