

Revised 22/01/19

**BUS 326 MANAGERIAL FINANCE**  
**SPRING SEMESTER 2019**  
**PROFESSOR GEORGES ROCOURT**

Class Meeting Time: Monday, Thursday 13:00 – 14:15  
Class Location: Lowerre Academic Center North Campus Classroom # 3  
Final Exam: Monday May 13, 11:00 – 13:00

Office Hours: Lowerre Academic Center Faculty Office # 10  
**M, Th:** 15:00 – 17:00  
**T, F:** 16:00 – 18:00  
Other times by appointment as mutually convenient  
091-986-3656; 076-249-8375 (txt msg); [grocourt@fus.edu](mailto:grocourt@fus.edu)

**Course Description:**

(Franklin University Switzerland 2018-2020 Catalog): This course examines the principles and practices of fund management in organizations. Attention is given to managerial finance decisions in a global market setting concerning such questions as how to obtain an adequate supply of capital and credit, and how to evaluate alternative sources of funds and their costs. Topics include the management of assets and liabilities, working capital management, capital budgeting, equity versus debt financing, capital structure, and financial forecasting. Prerequisites: BUS 115 and MAT 201; and BUS 135 or (ECN 100 & ECN 101)

**Course Objectives:**

The **primary objective** of BUS 326 is to introduce students to the complex world of business finance and promote an integrated understanding of financial institutions, financial markets, and financial management – the three major strands of finance. The student will learn how businesses and individuals are affected by markets and institutions, as well as how markets and institutions assist or impede the realization of individual and firm goals. Financial institutions facilitate the work of financial markets. Financial markets are the arena to which businesses and financial institutions go to raise funds, and the mechanism through which individuals invest their savings to meet future goals. Financial management is the process in which information obtained from financial markets and institutions is used efficiently and profitably to manage assets and to raise needed funds in a cost-efficient manner.

**Secondary goals** include developing student technical capacity in a wide variety of applied financial skills including: interest rate analysis; financial ratio computation; financial forecasting and planning; financial risk definitions and measurement; present and future value mathematics; security valuation; asset acquisition and capital budgeting; and capital structure choice and cost. These skills are integrated by focusing on the financial manager's primary task: *Planning for the acquisition and use of funds so as to maximize the value of the firm.*

## BUS 326 Managerial Finance Learning Outcomes:

Upon successful completion of the course, students will:

- ~Show an understanding of goals, techniques & problems in making financial decisions within corporate settings, and relate that knowledge to larger management control issues
- ~Distinguish between the capital budget, capital structure, and working capital decisions of the organization and explain the concept of sources and uses of funds within the firm
- ~Be able to explain the role of taxes, interest rates & macroeconomic events in determining the real after-tax returns to corporate and shareholder capital in financial markets
- ~Compute & apply ratio analysis & other tools to standard published financial statements
- ~Demonstrate mastery of standard time-value-of-money mathematics and apply those tools to capital budgeting problems using NPV, IRR and related cost of capital concepts
- ~Explain financial security prices in financial markets using discounted cash flow estimates
- ~Apply several cash flow forecasting techniques and models to both the internal working capital needs and capital budgeting requirements of the organization
- ~Exhibit a sophisticated understanding of the behavioral, ethical, and social policy implications of corporate financial policy in the global political economy context

## Text and Readings

Essentials of Corporate Finance, 9<sup>th</sup> edition 2017 McGraw-Hill Irwin  
Stephen A. Ross, Randolph W. Westerfield, & Bradford D. Jordan

Students should also keep up with financial news reports about current corporate and other financial market developments, using such sources as The Financial Times, Wall Street Journal Europe, Bloomberg Business Week, Fortune, CFO.com, etc. The instructor will periodically draw student attention to particular articles that correspond to course topics.

## Course Requirements and Grading Policy

The central focus of this course is built around chapter topic lectures on financial theory and practice, but fortified by a large dose of both analytical and quantitative calculation problems worked out in class, and assigned as homework. **Students should be sure to have a hand-held calculator available at every class.**

Essays and problems are expected to be prepared on the date they will be discussed in class; no credit will be given for late submissions. There will be two interim exams and a final exam. Additionally, there will be a topical term-long analysis project on a specific company of your choosing. Details will be announced and explained shortly following the start of classes when you have developed an accurate sense of the subject matter of finance.

Your grade in the course will be determined according to the following formula:

Interim Examination # 1	20 %
Interim Examination # 2	20 %
Announced Homework Problems & Participation	20 %
Corporate Financial Analysis Project	20 %
Final Examination	20 %

Student written assignments should be submitted whenever possible in e-versions, and in standard Windows.doc or PDF or Excel format. If I can't open the file, I can't grade it!

**Students should expect to have several office-hours conferences with the instructor concerning the term project.**

## Attendance Policy

The Franklin University Switzerland Academic Catalog 2018-2020 contains the following statement on class attendance policy on page 187:

"Each faculty member will set a total number of absences tolerated before absences begin to affect a student's participation and final course grade. This number of total absences allowed includes absences due to illness. The faculty member's specific policy will be announced at the beginning of each course and included in the course syllabus. A student who, for no valid reason, remains absent from campus or from classes for an excessive length of time during a semester may be required to withdraw from the University."

In light of this statement of University administration policy, and considering the cumulative and interactive nature of the subject matter in this Business course, the **following class attendance limits will apply in this course**. For courses meeting two times per week (MTh), **each absence in excess of four (4) will reduce the student's earned letter grade by one level**, e.g., an earned "A" becomes a "A-"; an earned "C+" becomes a "C", etc. Please note that this policy allows a generous margin of 2 missed weeks within an already relatively short thirteen-week semester (academic travel time excluded)! Additionally, **excessive and persistent tardiness will be counted as an absence** at the discretion of the instructor, and the student will first be verbally warned, and then be specifically informed when such a judgment is applied. Getting up and leaving during class and then re-entering the room later is extraordinarily disruptive and will not be tolerated except in emergencies.

## Laptops and Cellphones Policy

Students who wish to use their laptops to take notes during class may do so **only** with the prior consent of the instructor. Permission of the instructor will only be granted to those who can demonstrate to the instructor that they must use their laptops in order to take notes. Others may not open or use their laptops while in class.

During class, you are expected to have your phones shut off. If your phone goes off during class, you will be dismissed from the class to answer the call, and you will not be re-admitted to the room that class. Cell phones may not be used as a substitute for a calculator during exams.



## Tentative Course Schedule (subject to amendment as necessary)

Revised 22/01/19

<u>WEEK</u>	<u>TOPIC</u>	<u>CHAPTER</u>
Jan 21	The Firm's Finance Function; Wealth Maximization Agency Issues and Agency Costs; CFO duties	1
Jan 28	Financial Statement Review & Analysis; Corporate Taxes Cash Flow from Assets; Shareholders & Creditors	2
Feb 4	Cash Flow Analysis, Standardized Fin. Statements Ratio Computation and Analysis2	3
Feb 11	ROE, the DuPont Identity, Sources of Profitability Internal & Sustainable Growth	3
Feb 18	Review for interim examination <b>Examination # 1 (Thursday Feb 21)</b>	<b>1-3</b>
Feb 25	Time Value of Money: Present & Future Values Computations with Tables, Calculators, and Math	4 4
Mar 4	Annuities, Perpetuities, Compounding Periods Discounted Cash Flow Methods for Decision Making	5 5
Mar 11	Academic Travel	
Mar 18	Academic Travel	
Mar 25	Bond Features, Bond Markets, Valuations & Yields Bond Mathematics and YTM analysis	6 6
Apr 1	Introduction to Equities and Stocks Cash Flows, Equity Valuation, Stock Markets	7 7
Apr 8	Net Present Value, IRR & Related Investment Criteria <b>Examination # 2 (Thursday Apr 11)</b>	8 <b>4-7</b>
Apr 15	Introduction to Capital Budgeting Making Decisions: Project Analysis, Scenario Analysis	9 9
Apr 22	NO CLASS MONDAY APRIL 22 – EASTER BREAK Operating & Cash Cycles, Short Term Financial Planning	16
April 29	Cash Budget Forecasting Techniques, Working Capital Management: Cash, Bank Relationships Accounts Receivables & Credit Policy, Inventory Management	16 17
May13	<b>Cumulative Final Examination (Mon May 13)</b>	<b>1-9, 16-17</b>

Final Exam theory coverage of the whole semester; problems primarily from 8-9, 16-17

Homework will be assigned and collected for each chapter. The specific problems will be announced weekly. Short in-class quizzes may be expected at any time on current assignments.

Details for the Financial Analysis Project will be announced early in the semester.

## Academic Dishonesty

(From 2018-2020 Academic Catalog – page 199)

### STATEMENT ON CHEATING AND PLAGIARISM

A student whose actions are deemed by the University to be out of sympathy with the ideals, objectives or the spirit of good conduct as fostered by the University and Swiss community, may be placed on Disciplinary Probation or become subject to dismissal from the University. Cheating and plagiarism are dishonest actions that run counter to the University ideals. Furthermore, cheating reflects negatively on one's personal integrity and is unjust to other students.

Consequently, the University has adopted the following code:

- When an examination is in progress, all unauthorized books, notes, papers, notebooks, and phones must be left outside the classroom, or, where this is not feasible, left beneath the student's seat unopened.
- Students will be asked to distribute themselves around the room during an exam so as to leave the widest possible space between them.
- During the examination only the blank paper required for the examination and a pencil, pen or other tools as permitted by individual instructors may be on the desk.
- Should an instructor see written crib notes in evidence or see a student consult a cell phone during an exam, the presumption will be that the student has cheated on that exam.
- If a student must leave the classroom during an examination due to physical duress, the student must turn in the exam and will not be allowed to return during the examination period. No make-up examination will be administered.
- It is within the prerogative of the instructor to take a student's paper during an exam and to ask that student to take an oral exam, or another exam, at the instructor's discretion.
- A student found cheating will be reported to the Dean of Academic Affairs. A second offense, in the same or any other course, will result in dismissal from the University.
- A student found cheating on an exam will be given an "F" for that examination. If it is a final examination, the student may be given an "F" for the course.
- A student whose paper or assignment has clearly been plagiarized will receive an "F" for that paper. Notification will be sent to the Dean of Academic Affairs. A second offense, in the same or any other course, will result in dismissal from the University.

Cases of academic dishonesty may be handled by the instructor in whose course the violation occurred if the matter is a result of student ignorance or is a first offense. The instructor will assess the severity of the violation and impose an appropriate penalty. In the event of a repetition of dishonesty, the matter will be referred to the Dean of Academic Affairs, and the student will risk dismissal from the University.

**Please also note: Students will ONLY be permitted the use of "conventional" calculators during examinations; i.e., no cell phones, etc.**