

**University of Florida  
Warrington College of Business**

**Finance 4414  
Financial Management**

**Spring 2017**

**Instructor**

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Office Hours: Tuesdays and Thursdays 10–11AM. I am generally around each day, and if my schedule permits, I am willing to meet with students outside of office hours. If you need to set up a more formal meeting, please email me to set up an appointment.

**Course Objectives and Scope**

Financial Management is the capstone course for undergraduate finance majors. The class will integrate and extend the ideas that were covered in your prerequisite courses.

The course goes into greater depth on topics covered in prior courses, introduces new concepts and theories, and applies the concepts to actual financial decisions. We will explore in detail the following topics.

- Module 1
  - Corporate Objectives and Corporate Governance
  - Cost of Capital
  - Valuation
- Module 2
  - Capital Budgeting Analysis – Real Options
- Module 3
  - Capital Structure Analysis
- Module 4
  - Financing – Venture Capital, IPOs, and SEOs
- Module 5
  - Payout Policies
- Module 6
  - Corporate Risk Management

The course objectives are pursued through lectures, assigned readings, problem sets, group case assignments, and class discussion of important developments in financial management as reflected in leading publications.

In covering these topics, I have five major class goals:

- To solidify your understanding of modern corporate finance
- To broaden your understanding of how the basic concepts in finance are applied in practice.
- To develop and extend your spreadsheet/modeling skills.
- To develop and enhance your oral and written communications skills.
- To develop and enhance your teamwork skills.

### **Required Material**

- *Course Packet* – Cases and some articles (available at Target Copy)
- *Supplemental Readings* – Will be handed out in class or posted on the e-learning website
- *Class Notes (PPT Slides)* – Download from the course e-learning website
- *A financial Calculator/Excel* – The financial calculator or Excel will be necessary for exams, and it will also be helpful in those circumstances when you need to make a quick calculation, but you don't have easy access to a spreadsheet program. I am not requiring or recommending a specific calculator – any model is fine as long as it does the basic time value of money functions and the cash-flow (NPV, IRR etc.) functions. You will also be allowed to use Excel in class and during the exam.

Students should make every effort to read the assigned material before coming to class. This includes material from the text, assigned cases and articles. We will discuss articles that are relevant to the course and new developments as they occur in the corporate and financial communities.

### **Recommended Textbook**

*Fundamentals of Corporate Finance*, 11<sup>th</sup> Edition, by Stephen Ross, Randolph Westerfield, and Bradford Jordan, McGraw-Hill.

### **Course Requirements**

#### Cases

Throughout the term, we will cover six to seven cases. These cases, which can be found in your course pack (or will be handed out), have been written by authors at the Harvard Business School and the Darden School at the University of Virginia. The cases highlight a variety of situations facing leading companies. In working through the cases, you will be forced to apply many of the concepts discussed in the readings, class lectures, and in previous classes. You will quickly see that a lot of interesting complications arise when you try and apply these concepts in a real world setting.

Early in the term I will allow you to form yourselves a team consisting of four to five students. All the groups are required to submit written answers at the beginning of the class to the question that will be provided. Each group should provide only one report, but each member must have a copy of the report. All class members are required to attend class the days that these cases are discussed. I will call on anyone at random to present and discuss the main problems in the case. Each group will also make one case presentation in class (detail for this will be handed out/posted).

If done correctly, you will find that the cases are both a lot of work, and quite interesting. For the cases to be successful, all students have to be prepared, and to be willing to be active and constructive members of their group. Because of other obligations, or just general laziness and indifference, some students may be tempted to free ride on the efforts of others. In order to stem this behavior, I will give you all the opportunity to anonymously evaluate the contributions of your fellow group members at the end of the term. I reserve the right to significantly lower the grades of students who demonstrate a lack of performance in this area (through their performance in class and/or through their group evaluations).

I understand that cases may be new to a lot of students, and that some concerns may arise about the lack of structure surrounding case assignments. I would urge you all to keep a positive attitude, to be creative, and to take things a step at a time.

*More details on case reports and presentations will be posted on your class website.*

#### Individual Assignments/In Class Quizzes

Throughout the term I will give several individual assignments or in class quizzes based on articles or material covered in class. The answers must be typed and submitted at the beginning of class.

#### Examinations

Over the course of the term, we will also have two in-class examinations. Most of you are graduating seniors and during that last week on campus you will want to do other things other than study for a final exam. Therefore, there will not be a comprehensive final exam during the final exam week period.

The two exams will consist of a series of problem, short answer questions, and multiple choice questions. The exams are closed book, but you are allowed to bring a calculator/excel and a 1-page (front and back) “cheat sheet”, in which you are free to write any information that you feel is helpful. You are not permitted to type or photocopy anything onto the cheat sheet, and you must turn your cheat sheet in with the exam.

*Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation.*

## Class Attendance and Participation

As a capstone class, we rely heavily on class discussion. This class is not designed to be the type of class where you can frequently miss class, but catch up just before the examinations by reading through the text and written notes provided by instructor. No formal notes will be provided, nor is there a “testbank” of old exams. At this point in your life, your primary emphasis should be on learning the material and developing skills that will help you in the months and years following graduation.

Given the nature of this course, students need to keep up and they can’t disappear for long periods of time. Consequently, students are expected to attend each class, and they are expected to participate in class discussions. To help me get to know each of you, I may use a seating chart. I will take attendance each class and also make mental and written notes about your class participation each day.

At the same time, I understand that most of you will be interviewing for jobs, hence will have to miss some classes. Also, people get sick and other things come up that keep you from attending class. If you must miss class, you need to send me an email message indicating why you will be absent.

## **Grading**

Your final course grade will be determined as follows

Class attendance and participation:	100
Assignments/Quizzes:	
Case Reports (group)	300
Case Presentation	100
Quizzes	100
Examinations:	
First Examination	200
Second Examination	200
<b>Total</b>	<b>1000</b>

Students are expected to regularly participate in class discussion, and to be productive contributors to their group assignments. Evidence to the contrary will lead to a lowering of course grades.

### Tentative Grade Allocation

Score	Grade
Total $\geq$ 900	A
870 $\leq$ Total $<$ 900	A-
840 $\leq$ Total $<$ 870	B+
800 $\leq$ Total $<$ 840	B
770 $\leq$ Total $<$ 800	B-
740 $\leq$ Total $<$ 770	C+
700 $\leq$ Total $<$ 740	C
650 $\leq$ Total $<$ 700	C-
Total $<$ 650	D+ ~ F

**The following is from the University of Florida *Code of Student Conduct*:**

*The academic community of students and faculty at the University of Florida strives to develop, sustain and protect an environment of honesty, trust and respect. Students are expected to pursue knowledge with integrity. Exhibiting honesty in academic pursuits and reporting violations of the Academic Honesty Guidelines will encourage others to act with integrity. Violations of the Academic Honesty Guidelines shall result in judicial action and a student being subject to the sanctions in paragraph XI of the Student Conduct Code. The conduct set forth hereinafter constitutes a violation of the Academic Honesty Guidelines (University of Florida Rule 6C1-4.017).*

***Cheating***

*The improper taking or tendering of any information or material which shall be used to determine academic credit. Taking of information includes, but is not limited to, copying graded homework assignments from another student; working together with another individual(s) on a take-home test or homework when not specifically permitted by the teacher; looking or attempting to look at another student's paper during an examination; looking or attempting to look at text or notes during an examination when not permitted. The tendering of information includes, but is not limited to, giving of your work to another student to be used or copied; giving someone answers to exam questions either when the exam is being given or after taking an exam; giving or selling a term paper or other written materials to another student; sharing information on a graded assignment*

**Plagiarism**

*The attempt to represent the work of another as the product of one's own thought, whether the work is published or unpublished, or simply the work of a fellow student. Plagiarism includes, but is not limited to, quoting oral or written materials without citation on an exam, term paper, homework, or other written materials or oral presentations for an academic requirement; submitting a paper which was purchased from a term paper service as your own work; submitting anyone else's paper as your own work.*

**So that there is no confusion, here are my expectations**

1. Students are strongly encouraged to work with their classmates to study, work problems and cases, and prepare for classes and exams. The goal is to maximize your understanding of the material.
2. Students are expected to include only their own work on the midterm and final exams. On the weekly assignments, students are expected to hand in a group assignment, but each group is expected to do its own independent work. Cheating, as defined above, will not be tolerated.
3. Students are expected to contribute fully to each and every team assignment. Therefore, it is not permissible, say, for a team to split the case write-up and the company report so that each member of the team only contributes to part of an assignment. Each student is expected to come to class prepared to discuss and present all of every assignment.
4. Plagiarism, as defined above, is not acceptable.