

Fall 2012



William G. Rohrer College of Business

Course No: Fin 4500

Course Title: Financial Decision Making

Experience Personal Learning. Experience Your Future.

Professor: Dr. Ozge Uygur,
Assistant Professor of Finance
Department of Accounting and Finance

Office Location: Bunce Hall – Room 256D

Phone: 856-256-4500 ext. 3478

E-mail Address: uygur@rowan.edu

Office Hours: Mondays 1:30pm – 3:30pm
Wednesdays 1:30pm – 3:30pm
Other hours by appointment

Course Info: Name: FINANCIAL DECISION MAKING
CRN: 41651
Section: 04.500

Course Schedule: Wednesday 6.30pm – 9.00pm
Wilson 204

COURSE DESCRIPTION AND STATEMENT OF COURSE OBJECTIVES

Course Title: Financial Decision Making

Course Number: Fin 04.500

Semester Credit Hours: Three for one semester

Prerequisites: Managerial Accounting (ACC 03.500)
Managerial Decision Making Tools (MGT 07.500)

Objectives:

A case and problem approach is used to discuss a number of selected topics. Topics include risk and return; valuation; cost of capital; capital budgeting; capital structure; dividend policy; financial planning, analysis, and control; leasing; and mergers. The student is expected to become familiar with the tools and techniques of financial decision-making and, through casework, to be able to use them in practical business applications.

The following Learning Goals will be assessed in this course as part of the Rohrer College of Business assessment program:

TO UNDERSTAND BASIC FINANCIAL THEORIES, REPORTING & MARKETS

- Ability to use the valuation techniques to determine the market values of stocks and bonds.
- Ability to calculate the weighted average cost of capital to determine if the firm's investments will increase stockholder wealth.
- Ability to understand the capital budgeting techniques to determine which projects are profitable and should be undertaken.
- Ability to analyze the firm's capital structure to determine the optimal mix of debt and equity.
- Ability to analyze the firm's dividend policy to determine the optimal retention rate from earnings.
- Ability to prepare accrual-based financial statements to understand the accounting cycle.
- Ability to analyze financial statements for use in decision-making.
- Ability to understand the financial environment and markets to develop optimal financing and investment strategies.

Teaching/Learning Method:

The course will be conducted in a lecture/discussion format. The chapter-end mini cases will be used extensively in class discussions. Students will be expected to play an active role, both in classroom and in out-of-class interactions, in their learning process.

Reading:

The daily readings and case assignments are detailed on the attached page. Each student is expected to be thoroughly prepared to discuss the materials in the assigned chapters, articles, and cases.

Case Analysis:

Students will be divided into groups and each group will be assigned a case problem. Students are encouraged to work together in their analysis of cases. The assigned case problems will be presented in the classroom by the group members. Case presentation should also be a collaborative effort. All students are expected to participate in case discussions by asking questions and making comments. Each group will prepare a written report of their case and submit it to the instructor at the end of the semester.

Micro-Computer Usage:

Students will prepare the cases and solve some chapter-end problems by using a micro-computer software such as Excel, Freelance/Harvard Graphics, word processing, etc.

MAJOR THEMES TO BE EXAMINED:

Internationalization: The lectures will incorporate international examples and issues throughout the semester.

Ethics: Ethical issues in financial decision-making will be pointed out during the semester where relevant.

Management of Technology: Students will be exposed to the role of technology in terms of current research techniques and technological innovations.

TEXT

1. E. F. Brigham and M. C. Ehrhardt ,(B&E)., Financial Management, Theory and Practice, South-Western, Cengage Learning, 13th edition, 2011.
2. Case Study Book, Financial Decision Making, by Ozge Uygur, McGraw-Hill – Custom Collections. (ISBN: 9781121421912)
3. Optional: T. R. Mayes and T. M. Shank, Financial Analysis with Microsoft Excel, South-Western, Cengage Learning, 5th edition, 2010.

The Wall Street Journal (Barron's or Business Week). We will be discussing significant financial events as they occur.

TENTATIVE COURSE SCHEDULE, SEQUENCE OF TOPICS, AND ASSIGNMENT LIST

Date		Textbook Chapters	Case Studies (Written Reports and Presentations)
Week 1	Sep 5	Introduction Chapter 1: Overview	
Week 2	Sep 12	Chapter 5: Bonds, Bond Valuation, and Interest Rates	
Week 3	Sep 19	Chapter 6: Risk, Return, and CAPM	
Week 4	Sep 26	Chapter 7: Stocks, Stock Valuation, and Stock Market	
Week 5	Oct 3	Chapter 8: Financial Options	
Week 6	Oct 10	MIDTERM EXAM #1 (Chapters 1, 5, 6, 7, and 8)	
Week 7	Oct 17	Chapter 9: The Cost of Capital	Group#1: Best Practices in Estimating the Cost of Capital
Week 8	Oct 24	Chapter 10: The Basics of Capital Budgeting	Group#2: Nike, Inc. (<i>Cost of Capital</i>)
Week 9	Oct 31	Chapter 11: Cash Flow Estimation and Risk Analysis	Group#3: Euroland Foods S.A. (<i>Capital Budgeting</i>)
Week 10	Nov 7	Chapter 12: Financial Planning and Forecasting	
Week 11	Nov 14	MIDTERM EXAM #2 (Chapters 9, 10, 11, and 12)	
Week 12	Nov 21	Chapter 15: Capital Structure Decisions	Group #4: Krispy Kreme Doughnuts (<i>Financial Analysis and Forecasting</i>)
Week 13	Nov 28	Chapter 14: Distribution to Shareholders: Dividends and Repurchases	Group#5: Deluxe Corp. (<i>Corporate Capital Structure</i>)
Week 14	Dec 5	Chapter 21: Mergers, LBOs, Divestitures, and Holding Companies	Group#6: Methods of Valuation for Mergers and Acquisitions
Week 15	Dec 12	Review for the Final Exam	
Week 16	Dec 19	FINAL EXAM (All Chapters)	

CRITERIA AND PROCEDURES FOR EVALUATING STUDENT PERFORMANCE:

Examinations

- There will be two mid-term exams, a final exam.
- Exam questions will be drawn from all textbook assignments, lectures, and cases.
- Both the mid-term exams and the final exam will consist of about fifty percent problems and fifty percent multiple choice questions.
- Students may bring a one-page notes sheet (8 1/2" X 11" both sides) to each test.
- There will be no "make-up" exams except for *documented* emergencies.

Case Study Presentations and Written Report

- Case study presentations and written reports will be completed as group work.
- The presentations will be done at the beginning of the class period.
- The written reports are due the date stated above, before the class period.

Grading

The course grade will be based on two mid-term exams, a final exam, case presentation and written report, and class participation. Highest grades will go to those who demonstrate excellence in all facets of the course.

Midterm Exam-1	25%
Midterm Exam-2	25%
Final Exam	25%
Case Written Reports (2.5% each)	15%
Case Presentations	5%
Class Participation	5%
TOTAL	100%

- The letter grades are determined as per the following table:

<u>Grade</u>	<u>Point Score</u>	<u>Grade</u>	<u>Point Score</u>
A	93 – 100	C	73 – 77
A-	90 – 92	C-	70 – 72
B+	88 – 89	D+	68 – 69
B	83 – 87	D	63 – 67
B-	80 – 82	D-	60 – 62
C+	78 – 79	F	0 – 59

ROHRER COLLEGE OF BUSINESS MISSION STATEMENT

The Rohrer College of Business of Rowan University empowers its students to compete and succeed responsibly in their careers.

- The Rohrer College of Business Faculty makes effective teaching that engages students in the learning process its highest priority supported by relevant scholarship and appropriate levels of service.
- Rowan University's undergraduate business programs are grounded in liberal arts, focus on excellent business practices, and offer students opportunities for experiential-based learning.
- Rowan University's graduate business programs provide contemporary graduate business education to professionals of diverse fields and academic backgrounds, and accentuate knowledge and skills required for career advancement.
- In partnership with the Center for Innovation and Entrepreneurship, the Rohrer College of Business promotes entrepreneurship throughout the University and in the regional community.
- The Rohrer College of Business will be responsive to emerging developments in industry and business education.

MBA MISSION STATEMENT:

The Master of Business Administration (M.B.A.) program at Rowan University provides contemporary graduate business education to professionals from diverse fields and academic backgrounds. The program prepares students as team leaders and team players with effective interpersonal, oral, and written communication and group process skills. The M.B.A. curriculum emphasizes critical thinking, quantitative analysis and computing applications, and the technological and international nature of business.

OTHER UNIVERSITY POLICIES

Information pertaining to the following policies is located at the web site shown below. Be sure to read these policies:

- Classroom Behavior Policy
- Academic Integrity Policy
- Student Accommodation Policy
- Laptop Computers in the Classroom
- University Attendance Policy

<http://www.rowan.edu/studentaffairs/communitystandards/handbook.html>