

MIDSTATE COLLEGE
411 W. NORTHMOOR RD. PEORIA, IL 61614
(309) 692-4092 (800) 251-4299
Summer 2019

Course: Managerial Finance

Credit: 4 Quarter Hours

Method of Delivery: Arranged

Course Description: An analysis of financial operations, decision processes, and analytic tools used in the financial management of business enterprises. Special attention is applied to areas of capital budgeting, cost of capital, ethical issues, investment decisions, and working capital management.

Prerequisite(s): ACC213, ECO144 or ECO145, and MAT 038 or higher

Text(s) & Manual(s): Fundamentals of Financial Management Concise, 9th Ed.

Author(s): Brigham

Publisher: South-Western

Materials Needed for this Course:

Additional Supplies: calculator

Hardware/Software and Equipment:

Access code for **Aplia** (included with the textbook at the bookstore)

Internet access

Microsoft Word and Excel

Topics:

- 1) Overview of Financial Management
- 2) Financial Markets and Institutions
- 3) Financial Statements, Cash Flow, and Taxes
- 4) Analysis of Financial Statements
- 5) Time Value of Money
- 6) Interest Rates
- 7) Bonds and Their Valuation
- 8) Risk and Rates of Return
- 9) Stocks and Their Valuation
- 10) The Cost of Capital

Learning Objectives: Upon completion of this course, the student will be able to:

- 1) Analyze financial statements and compile accurate and meaningful reports
- 2) Explain how interest rates are structured
- 3) Demonstrate knowledge of the U.S. financial system
- 4) Differentiate time value of money scenarios and determine which formulas to apply to the scenarios
- 5) Solve problems involving valuation of stocks and bonds
- 6) Explain the relationship between higher risk and higher return
- 7) Explain the importance of ethics and the importance of reputation
- 8) Describe the importance of financial analysis and explain the various types of financial ratios
- 9) Describe the motives underlying management and determine how capital investment benefits organizations

Midstate Grading Scale:

90 – 100	A
80 – 89	B
70 – 79	C
60 – 69	D
0 – 59	F

ACADEMIC INTEGRITY

Academic integrity is a basic principle of the College’s function. Midstate College students are expected to maintain a high level of academic honesty. Contrary actions may result in penalties such as failure of the assignment(s), a lesser grade on assignment(s), failure of the course and/or suspension from the College. The course instructor will review all submitted documents and supporting evidence in connection to the infraction. The course instructor will also review the student’s personal file for other notifications of academic dishonesty before determining the level of action to be applied. The course instructor will complete the Academic Dishonesty Report form to document and describe the incident and actions taken, then kept on file. The student may appeal the decision to administration, whose decision will be final.

The following are included in the actions Midstate College considers behavior contrary to the academic integrity policy; however, the policy is not limited to these examples. Further

discussion of consequences regarding academic dishonesty are addressed in the [Student Handbook](#).

- **Cheating**
- **Deception**
- **Sabotage**
- **Computer Misuse**
- **Copyright Infringement**
- **Midstate Plagiarism Policy:**

Plagiarism is using another person's words, either by paraphrase or direct quotation, without giving credit to the author(s). Plagiarism can also consist of cutting and pasting material from electronic sources by submitting all or a portion of work for assignment credit. This includes papers, computer programs, music, sculptures, paintings, photographs, etc. authored by another person without explicitly citing the original source(s). These actions violate the trust and honesty expected in academic work. Plagiarism is strictly against the academic policy of Midstate College. Its seriousness requires a measured, forceful response which includes consequences for inappropriate and/or no citation.

In courses containing writing assignments, the College promotes the use of Turnitin which compares the student's writing against previously submitted papers, journals, periodicals, books, and web pages. Students and instructors can use this service to reduce the incidence of plagiarism. This electronic resource has been found to conform to legal requirements for fair use and student confidentiality. It is able to provide a report to the student indicating the parts of the assignment that match.

Student Success and Tutoring:

The Office of Student Success offers help in the following areas:

- **Tutoring:** Tutoring is encouraged for students who are doing their best to complete assignments yet still are experiencing difficulty in this course. Tutoring may be provided by the instructor outside of scheduled class times or through the office of Student Success.

- Writing assignment assistance: This may include learning how to conduct research; using proofreading tools such as Turnitin; outlining a topic; and applying MLA/APA standards.
- Math, accounting, and computer skills (including file management).
- Test-taking techniques.
- Note-taking skills development.
- Study skills development.
- Time management.

Contact Student Success:

Room 110 (309) 692-4092, ext. 1100

studentsuccess@midstate.edu

Instructor:

Name: Brian Young

E-mail bjyoung@midstate.edu

Phone : 1-309-692-4092

Office Hours Monday 5:00 P.M

Policies and Procedures:

This is an entirely online course. Weekly course procedures will be as follows:

1. New course materials will appear on Mondays before noon.
2. Each week ends on 12:00 noon the following Monday.
3. The syllabus and the classroom assignments may vary. If do, please adhere to the assignments in the classroom.

Participation Requirements:

While the flex format affords great flexibility, it does require a significant time commitment. *As per the Midstate Student e-learning Guide, you need to be willing and able to spend 8-10 hours per week.* This type of course requires that you take responsibility for your own success.

In order to be successful in this course, students must be committed to checking in to Joule or in the classroom at least twice per week and logging in to complete assignments in **Aplia** at least once per week. Your experience in this course will be easier if you stay on top of course materials.

Course Communication:

The weekly discussion boards allow students to view responses from other students and discuss relevant topics in regard to Managerial Finance. All students are required to participate in the weekly discussions. In fact, class participation comprises a large percentage of your grade. Course participation includes both class discussions and summary questions (see instructor's grading scale). Course discussions will be conducted as an open forum; whereas summary questions will be similar to assignments. Accordingly, the entire class will not see individual responses to summary questions.

Examination Information: There will be midterm and final examination required for this course. I strongly recommend that you do not attempt to take exams unreasonably close to the deadline. You will perform better if you are not pressed for time and if you are taking the exam right before the deadline and you run into a computer issue, there isn't much that can be done to mitigate the situation.

Methods of Evaluation Student Performance:

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| 1. Attendance and class participation (Includes discussion questions and summary questions) | 25% |
| 2. Project | 25% |
| 3. Assignments | 25% |
| 4. Aplia Assignments | 25% |

Homework: Each week (aside from exam weeks) you will be assigned a chapter to read out of the book. The chapters are short and well-written. Please read thoroughly and completely! You will also have a homework assignment to complete in **Aplia** each week. Homework will be graded, so make sure to put effort into these assignments. Homework assignments may include multiple choice, true-false, and/or problem questions. For problems, Aplia will give you three attempts for each question so that you can make sure to get it right. Homework completion is absolutely necessary for success in this course. In fact, historically, performance in this course is directly related to how much time is spent working through homework problems. Aplia is an excellent tool because it will help you if you get stuck on a problem and can also be used to check your answers. Practice makes perfect!

Week-by-Week

Note: The instructor reserves the right to modify the syllabus at any time should that action be deemed necessary.

Week 1

Topic: Overview of Financial Management
Objective: Explain the importance of ethics and importance of reputation
Assignments: Read Chapter 1
Review Syllabus
Weekly Summary & Discussion: Post autobiographical information and review other posts

Week 2

Topic: Financial Markets and Institutions
Objective: Demonstrate knowledge of the U.S. financial system
Assignments: Read Chapter 2
Complete homework in Aplia
Weekly Summary & Discussion: Participate in forum

Week 3

Topic: Financial Statements, Cash Flow, and Taxes
Objective: Analyze financial statements and compile accurate and meaningful reports
Assignments: Read Chapter 3
Complete project
Weekly Summary & Discussion: Participate in forum

Week 4

Topic: Analysis of Financial Statements
Objectives: Analyze financial statements and compile accurate reports
Describe the importance of financial analysis and explain the various types of financial ratios
Assignments: Read Chapter 4
Complete homework in Aplia
Weekly Summary & Discussion: Participate in forum

Week 5

Topic: Time Value of Money
Objective: Differentiate time value of money scenarios and determine which formulas to apply to the scenarios
Assignments: Read Chapter 5
Complete homework in Aplia
Weekly Summary & Discussion: Participate in forum

Week 6

Topic: Midterm Examination
Objective: Successfully pass midterm examination
Assignments: Complete midterm examination
Weekly Summary & Discussion: Not applicable for week six

Week 7

Topic: Interest Rates
Objective: Explain how interest rates are structured
Assignments: Read Chapter 6
Complete homework in Aplia
Weekly Summary & Discussion: participate in forum

Week 8

Topic: Bonds and Their Valuations
Objective: Solve problems involving valuation of stocks and bonds
Assignments: Read Chapter 7
Complete homework in Aplia
Weekly Summary & Discussion: Participate in forum

Week 9

Topic: Risks and Rates of Return
Objective: Explain the relationship between higher risk and higher returns
Assignments: Read Chapter 8
Complete homework in Aplia
Weekly Summary & Discussion: Participate in forum

Week 10

Topic: Stocks and Their Valuation
Objective: Solve problems involving valuation of stocks and bonds
Assignments: Read Chapter 9
Complete homework in Aplia
Weekly Summary & Discussion: Participate in forum

Week 11

Topic: The Cost of Capital/Review for Final Exam
Objectives: Describe the motives underlying management and determine how capital investment benefits organizations
Assignments: Read Chapter 10
Complete homework in Aplia
Weekly Summary & Discussion: Participate in forum

Week 12

Topic: Final Examination
Objective: Successfully pass final examination
Assignments: Complete final examination
Weekly Summary & Discussion: Not applicable for week twelve

FINANCIAL ANALYSIS PROJECT

Scenario: The Company that you work for has excess capital that needs to be invested. Because you have knowledge of managerial finance, the top management team of the organization has given you the assignment to conduct a thorough financial analysis on a publicly traded company and recommend if this company would be a good place to invest the excess capital. Your results are to be provided in a formal report and include several deliverables.

You will pick the company.

Your report should start with background information on the company. How many years has the company been in operation? What are the products or services that the company provides? Are there any ethical issues the company is dealing with? As part of your analysis, I would like for you to find any information recently in the news regarding your company. Be sure to cite your sources using APA format. I would expect this section of the report to be around two pages and include at least three cited articles.

Next you will want to conduct an industry analysis. What industry is your company part of? Who are some of the company's primary competitors? What does the future look like for this industry? I am looking for a one page industry analysis. Again, you may want to research recent news for the industry and cite your sources.

The next several pages will be a ratio analysis. I would like for you to go through Chapter Four of your text book and provide as many ratios as possible for your company. To do this you will need to analyze the most recent Balance Sheet and Income Statement for your company. This information can be readily attained by using Yahoo Finance. **When you are selecting your companies for consideration make sure that you can easily find this information for all the companies you are submitting.**

Calculate your own ratios. I will expect the name of the ratio, what the ratio is used for, how the ratio is calculated, and interpret the ratio. You may also want to find another company in the same industry and calculate the ratio for comparison, or you might want to find the industry average. This will be the bulk of your project. **For example**, suppose you are analyzing the department store Target:

Current Ratio: The current ratio indicates the extent to which current liabilities are covered by those assets that are expected to be converted to cash in the near future.

The current ratio is calculated as current assets divided by current liabilities.

Target

\$16,388 million/\$14,031 million

1.17 current ratio

Kohl's (industry competitor)
\$4,719 million/\$2,535 million

1.86 current ratio

Target's current ratio is 1.17 which mean it has slightly more in current assets than in current liabilities. Kohl's on the other hand has almost twice the amount in current assets that it has in current liabilities. Therefore, Kohl's liquidity position is nearly twice that of Target's – could be a “red flag” for Target.

After you have completed the ratios for your project, you may want to create a table that will show the ratios you have calculated for your company, your comparable company (or the industry standard) and a brief comment (see page 123 in text).

The final page(s) should provide your recommendation on whether your organization should or should not invest in the company you have analyzed. Remember . . . investment decisions are based on more than just financial information. In this section I will expect you to pull together what you have learned when researching your company's background, current activity that has your company in the news, and the state of the industry, as well as your financial analysis.

Your final report should be in the form of a Word document, 1.5 spacing, using a 12 pt. Font and will be submitted in the **Final Project** drop box.

The document should have the following format:

Title Page

Company Background – 25 points

Industry Analysis – 25 points

Ratio Analysis – 50 points

Recommendation – 40 points

References – 10 points