

FIN-203A-1: Financial Management

Mah Ebrahimi

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General Course Information

Instructor: Mah Ebrahimi mebrahimi@brandeis.edu.

Class Hours: Tuesday, Thursday 2:20 PM–3:40 PM

Class Location: Sachar 101

Virtual office hours: Tuesdays 10:00 AM–11:00 AM.

Zoom link will be listed on Latte. Please email at least one day in advance if you plan to attend office hours and let me know when you plan to join Zoom.

Course Description and Objectives

The objective of this course is to develop depth of financial skills and logical thought processes necessary to formulate and implement corporate finance decisions in a competitive environment. We will cover time value of money, the relation between expected return and risk, and techniques used by financial managers to evaluate project investments and finance these investments. You will also learn about different financial securities.

By the end of this course, students will be able to:

1. Use and apply the concepts of time value of money
2. Make rational saving and borrowing decisions as an informed individual
3. Make investment and capital budgeting decisions for a firm
4. Value stocks and bonds
5. Understand the value of diversification
6. Calculate the risk and return for securities and portfolios
7. Estimate the cost of capital
8. Understand the basics of derivative securities and how firms raise equity capital

Prerequisites

- Knowledge of basic statistics, microeconomics, and calculus is required.
- Facility with Excel is required.
- This course may not be taken for credit by students who have previously taken FIN 201a or FIN 202a.

Workload expectation

As FIN 203a is a four-credit course, you are expected to spend a minimum of 9 hours of study time per week in preparation for class (readings, write-ups, assignments, preparation for exams, research, etc.).

Reading and Assignments

- **Textbook:** Principles of Corporate Finance, 14th Edition, Brealey, Myers, Allen, McGraw-Hill, 2023.
 - You must subscribe to the CONNECT to get access to the Principles of Corporate Finance ebook and course assignments.
 - * Please click on the link below to register on CONNECT and join the course: [Link to CONNECT Registration for Students for FIN-2013A-1](#) ^{1 2 3 4}
 - * You can also go to CONNECT through the McGraw-Hill Campus link on Latte.
- **Lecture notes** and materials posted on LATTE are equally important as the required text.
- **HBS case course-pack:** You can purchase the cases directly from HBS, using the link: <https://hbsp.harvard.edu/import/1010684>
- **Current business periodicals:** Reading periodicals such as the Financial Times (FT) or the Wall Street Journal (WSJ) is necessary to do well in this course.
 - Brandeis University students can gain access to FT and WSJ through the University subscriptions.
 - You will find that your understanding of current business developments as they may relate to course content will be bolstered by regularly following the specialized news.
 - You may also enjoy listening to podcasts like NPR Planet Money, The Journal, etc. or following blogs such as Money, Banking and Financial Markets.

¹If at any time you have issues with accessing, registering please reach out directly to Tech Support and get a case number to provide to your instructor.

²Registration support can be reached here: <http://bit.ly/StudentRegistration>

³Technical support contact and information can be found here: <https://www.mheducation.com/highered/support/connect/first-day-of-class/moodle-mhcampus.html>

⁴Registration is open as of Jan 01, 2023. I have also posted the registration instructions on LATTE. If the link is not live, just copy and paste it in your browser. If you have registered with McGraw-Hill previously, then you can use your old password. You may be able to register for my CONNECT course and start a free trial without paying. Just don't forget to pay before the end of the free trial period.

Evaluation

Attendance is required in this class. Your grade in the course will be determined by your performance on midterm and final exams as well as problem sets, case analyses, and participation during “in-class” discussions.

- (1) Class Participation 15%
- (2) Problem Sets. 20%
- (2) Case Studies. 15%
- (4) Midterm Exam. 15%
- (5) Final Exam. 35%

Class Participation

Class participation is an essential and important component in overall education experience. Contribution takes many forms:

- asking informed questions in class and make intelligent comments. Quantity is no substitute for quality.
- reading the assigned cases and being prepared to discuss the issues
- contributing actively to group projects
- actively listening to your peers and working with others.

It is your responsibility to ensure that you take an active role in the class.

Problem Sets

Problem sets are **individual assignments** and must be done through CONNECT. Assignments are mostly due on Monday at 11:59 pm, but can be completed ahead of time. The main purpose of these assignments is to give you practice to help you learn the material. You may do each assignment three times.

Your score will be the best of the three scores. (I also will calculate the final homework score in such a way that you can miss the assignments of one of the chapters and still get a perfect score. This means that everyone has an equal opportunity to forget one chapter’s assignment without penalty. It means that you do not need to email me if you miss just one of the assignments.) Assignments are automatically submitted on the due date. You must open an assignment before the due date if you want access to the assignment for studying. With late submissions, you will lose 10 percent of that homework grade each day after the deadline.

Case Studies

Cases are **group projects**, but you are **expected to discuss them individually** in class. Written case study assignments are due at the start of the class. Late assignments will not be accepted.

Most cases will be accompanied by case guidance questions (posted on course site). Some cases will also have spreadsheet data supplements (also posted on course site). Remember – spreadsheets NEVER explain themselves. That is your job in your case write-up. It is a key way in which you will be evaluated. There are 3 cases in total.

Case write-ups must be typed. Each case write-up **must** include an executive summary (maximum length one page) outlining key issues and recommendations. **The main body of the report must be no longer than 3 pages, double spaced. Figures and tables should be put in an appendix at the end of the**

report. All figures and tables must be numbered and all pages, including pages with tables and figures must be numbered.

Prepare your case reports as one that you would share with your company executives. Your case write-ups must be more than just good analysis. They should be clear, concise, and professional with well integrated exhibits and text.

Exams

There will be 1 midterm, and 1 final exam. The final exam will be a 3 hour exam. The final exam is comprehensive and cumulative. Financial calculators are allowed during the exams.

My exams are not open book or open notes. However, you may bring two crib sheets to the final exam. A crib sheet is an ordinary (A4) piece of paper, 8-1/2"x 11", on which you may write, type, print, or copy formulas ONLY- no definitions or any other text will be allowed. You may use both sides of the sheets. You may not staple or tape any extensions or booklets onto the crib sheet. Do not abuse this privilege.

Applications, Equipment, and Resources

PC and Internet

You need access to a PC for using CONNECT, Excel, or joining the class via Zoom in case for any reason, the session is moved online.

Financial Calculator

For some of the classes students will definitely need a hand-held financial calculator that has Time Value of Money functions and you will need to be able to use your calculator effectively. Texas Instruments TI BAII Plus, Sharpe EL 733A, and Hewlett Packard HP10-B are some commonly used ones, but you may use any. Look for n, i or I/Y, PMT, PV, FV, CF, IRR and NPV functions on the calculator. Note that scientific calculators, such as the TI-85, are not programmed for the functions needed for this course.

LATTE

is the Brandeis learning management system: <http://latte.brandeis.edu>. Login to LATTE using your UNET ID and password.

Library

The Brandeis Library collections and staff offer resources and services to support Brandeis students, faculty and staff. These include workshops, consultations, collaboration, materials and instruction on emerging trends in technologies such as machine learning, emerging trends in research such as data visualization, and emerging trends in scholarship such as open access. Librarians at the Circulation Desk, Research Help Desk, Archives & Special Collections, Sound & Image Media Studios, MakerLab, AutomationLab, and Digital Scholarship Lab are available to help you. <https://www.brandeis.edu/library/about/index.html>

Student Support

Brandeis University is committed to supporting all our students so they can thrive. The following resources are available to help with the many academic and nonacademic factors that contribute to student success (finances, health, food supply, housing, mental health counseling, academic advising, physical and social activities, etc.). Please explore the many links on this "Support at Brandeis" page

(<https://www.brandeis.edu/support/undergraduate-students/browse.html>) to find out more about the resources that Brandeis provides to help you and your classmates to achieve success.

Accommodations

Brandeis seeks to welcome and include all students. If you are a student who needs accommodations as outlined in an accommodations letter, I want to support you. In order to provide test accommodations, I need the letter more than 48 hours in advance. If you have questions about documenting a disability of requesting accommodations, please contact "Student Accessibility Support" (SAS <https://www.brandeis.edu/accessibility/>), call 781.736.3470 or email access@brandeis.edu.

Disabilities

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.

Academic Integrity

You are expected to be honest in all of your academic work. The instructor enforces all University rules, especially those regarding academic honesty and integrity. Note: there is a zero tolerance level in this area.

Plagiarism is cheating. The use of another's material without permission and without recognition is cheating. This applies to text books, solution manuals, study guides, a friend's assignment, past assignments, internet resources or any other material irrespective of the source. Citation and research assistance can be found at LTS - Library guides. Students may be required to submit work to TurnItIn.com software to verify originality.

You are expected to be familiar with and to follow the University's policies on academic integrity: <http://www.brandeis.edu/studentlife/sdc/ai/>. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university.

Classroom Etiquette

- Cell phones and PDA.s (i.e., Blackberry.s, iPhones, etc.) must be **turned off** during lectures. Laptops may be used but **ONLY** to browse the lecture slides or take notes. **I actively discourage using social media in class.**
- Regular class attendance is mandatory and strongly advised if you want to do well in the course. I stick quite closely to my slides and what I discuss in class when setting exam questions.
- Laptop computers and cell phones may not be used during exams.
- When you have a question or comment, please raise your hand. I will acknowledge you.

Communications

Please check your email for class announcements.

Course Plan

Topics	Chapters BMA stands for Brealey Myers Allen
Week 1 (1/17 & 1/19) Introduction to Corporate Finance Understanding and Working with Financial Statements	BMA Chapter 1 BMA Chapter 29
Week 2 (1/24 & 1/26) TVM & Bonds: PV, FV, Discounting	BMA Chapter 2
Week 3 (1/31 & 2/2): Valuing Bonds Credit Risk and the Value of Corporate Debt	BMA Chapter 3 BMA Chapter 24
Week 4 (2/7 & 2/9): Valuing Stocks	BMA Chapter 4
Week 5 (2/14 & 2/16): Net Present Value and Other Investment Criteria	BMA Chapter 5
Week 6 (2/28 & 3/1): Making Investment Decisions	BMA Chapters 6
Week 7 (3/7 & 3/9): <i>Case Study: Investment Analysis and Lockheed Tri Star. Group Assignment (Due – 3/7).</i> <u>Midterm</u>	
Week 8 (3/14 & 3/16): Lockheed Tri star Case Discussion SVB Bank Discussion	
Week 9 (3/21 & 3/23): Risk, Diversification and Portfolio Selection	BMA Chapter 7
Week 10 (3/28 & 3/30): CAPM and Security Market Line	BMA Chapter 8
Week 11 (4/4): Risk and the Cost of Capital	BMA Chapter 9
Week 12 (4/18 & 4/20): <i>Case Study: Midland Energy Resources, Inc.: Cost of Capital. Group Assignment (Due – 4/18).</i> Capital Budgeting	BMA Chapter 10
Week 13 (4/25 & 4/27): Working Capital Management <i>Case Study: Winfield Refuse Management Inc.: Raising Debt vs. Equity, Group Assignment (Due - 4/27).</i>	BMA Chapter 31
Week 14 (5/2): Review	