CLARION UNIVERSITY OF PENNSYLVANIA
COLLEGE OF BUSINESS ADMINISTRATION
DEPARTMENT OF FINANCE
Managerial Finance
FIN 570
Spring 2015

Instructor: Dr. Matthew Brigida
Office: Still Hall 318
Office Hours: In Still Hall Office: Monday and Wednesday, 1:45—3:30pm;
Friday, 1:00—2:30pm.
Email: mbrigida@clarion.edu or matt@complete-markets.com
Course Day/Time: Wednesday, 3:30—6:20pm

Class Location: Still 208

Text: *Corporate Finance* by Stephen Ross, Randolph Westerfield and Jeffrey
Jaffe, 9th edition (ISBN: 978-0-07-338233-3)

Important Dates
    Midterm Exam: March 4
    Final Exam: During Finals Week

DESCRIPTION

The assessment of financial techniques to determine how they affect the business both internally and externally. The learning outcomes for this course are summarized below:

1. Interpretation and analysis of financial data including: the time value of money, ratios, and financial forecasting in order to help the firm achieve its business objectives.

2. An understanding of capital budgeting and the cost of capital in order to allocate scarce resources amongst business opportunities.

3. To understand capital structure, and the methods of adjusting such structure particularly through stock repurchases, dividends, and security issuance.

4. Analysis of working capital in order to anticipate the future cash flow of the firm.

ACADEMIC HONESTY POLICY

Academic dishonesty will not be tolerated in this class. Cheating on quizzes, examinations, and other forms of dishonesty (e.g., plagiarism, collusion, and falsification of data) will be dealt with in a serious and formal manner. The

penalty for academic dishonesty in this class will be course failure. That is, any student who is found to be cheating or engaged in other academically dishonest behavior will be failed for this course for this semester. Course withdrawals to avoid such a failure will not be permitted. As a student, you have a responsibility to become familiar with the Academic Honesty Policy found in the Student Rights, Regulations, and Procedures Handbook.

EXAMS

There will be two exams (a midterm and a final). The exams will mainly be comprised of short-answer questions, and computations. More involved questions will be worth more points. Many of the exam questions will be derived from the assigned end-of-chapter questions, so you can prepare for the exam by completing all of the end-of-chapter questions.

While you are allowed to use your text during the exam, you should not rely on it. Given you will only have three hours for the exam, you will not have time to search the text for the answer (or how to compute the answer). Students perform considerably better if they know the material beforehand, and only need to consult the text for a few questions.

For each exam you will need:

- Access to software which can display pdf files (I will send the exam to you as a pdf).

- A wordprocessor which can write pdf files (you will send your short answer questions back to me as a pdf).

- Spreadsheet software to answer the computation questions (you can send me the spreadsheet as .xls or .xlsx).

Normally no make-up exams will be given. Failure to take an exam will result in a grade of zero for the missed exam. Make-up exams will only be allowed for *extraordinary* and *verifiable* reasons.

Mid-term Exam

I will send the exam as a pdf file to your Clarion email address by the class start time on the exam date. You should email me immediately if you have not received the exam by the exam start time. You will have 3 hours to complete the mid-term exam. You will submit your exam using the Dropbox in D2L. That is, you should upload your completed exam back to me within 3 hours of the exam start time.

If for some reason the D2L Dropbox is not working when you try and upload your exam, then you may send your exam to my email address:

mbrigida@clarion.edu. If however, your upload is successful, then don't bother sending your exam via email.

Final Exam

The final exam is concentrated on the topics learned after the mid-term exam, so the exam is not comprehensive *per se*. However, the concepts learned after the mid-term rely heavily those tested in the mid-term, so a poor understanding of the material on the mid-term will lead to a poor performance on the final exam.

The final exam will be during finals week. Exactly like the mid-term, I will send the exam as a pdf file to your Clarion email address by the exam start time. You should upload your completed exam to the D2L Dropbox within 3 hours. I'll send the exam as a pdf, and you should submit a spreadsheet (and pdf if you choose).

Exam Rules

I have provided the exam dates so that you can make sure that you will have time to take the exams on these dates. To be clear, this course needs to be prioritized ahead of work or other obligations on these two dates. Missing, or not completing an exam on time, means that you will receive a 0 for the exam. Note, I will not give any 'Incompletes' in this course. If you feel you may not be able to take an exam on the specific date, you should immediately tell the instructor (within the first two weeks of the course), or you should not take this course.

On the exam day you are not to discuss the exam with other students. Both receiving help from another student, or helping another student on an exam, are considered serious academic irregularities the result of which can range from receiving an 'E' in the course to dismissal from the university.

PROJECT

This project serves as your submission to your MBA portfolio from this course.

You will, in groups of no more than 4, value a tolling agreement on an electricity generating facility, or transmission line. You will briefly present your findings to the class. A more detailed description of the project will be provided in the first few weeks of class.

PARTICIPATION

For each week I have posted a set of 'Concept Questions' from the text. You must choose 1 of the questions from the set and post your answer to the discussion board. Try and choose a question that has not yet been answered, but

if all the questions have been answered then try and add unique information in your answer.

In addition to your answer, you must post two responses to other students' answers. So each week you will post 1 answer, and two responses to other answers, for a total of 3 posts to the discussion board each week.

To receive credit your posts must be constructive, preferably somewhat insightful, and show you have done the reading. If your post does not meet the preceding criteria, please don't bother posting it because it will just clutter the discussion board. A particular week's discussion will conclude Sunday at 9pm of that week. Don't post to the week's discussion after that date/time.

HOMEWORK/POP QUIZZES/OTHER PARTICIPATION

Throughout the semester I may assign brief homeworks, or unannounced in-class quizzes. The nature of these is usually to highlight an important point, or give the class extra practice on certain material. You start with 10 final grade points, and your points are reduced the more you get incorrect. However, for example, if I only assign two points of homework and no quizzes or other assignments, then you receive 8 points no matter what, and the remaining 2 points depend on the correctness of you answers.

Course Communication

All communication will be through D2L and email.

GRADING:

Midterm Exam 25
Final Exam 25
Project 20
Participation (D2L Discussion)................................. 20
Homework/Pop Quizzes/Other Participation 10
Total Points 100

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Final grades will be assigned according to the following scale:

- 90 - 100 A

- 80 - 89.9 B

- 70 - 79.9 C

- 60 - 69.9 D

- < 60 F

GENERAL NOTES:

1. Attending the class, online discussion, and reading the text is required.

2. There will be no make up exams or extra points assignments.

3. Cheating will result in prosecution to the fullest extent possible under university rules.

4. You are responsible for material covered in the online discussion, as well as text material.

5. This course requires that you have regular access to the internet to submit work. You should not take this course if you plan on being in an area with insufficient internet access. "My internet was down" is not an acceptable reason to hand in late work.

6. **Adding or Dropping the Course:**To add or drop the course the student should consult the university guidelines and withdrawal dates. The course instructor is not involved in a student's adding or withdrawing from the course.

7. **Software:** You will need word processing and spreadsheet software to take this course. Common examples of such software are Microsoft Word and Excel. However, there is no need to buy this software if you don't already have it. There are many free (open-source) alternatives which are just as good (and which allow you to save/read files as .doc(x), .pdf, and .xls(x)). Some widely used free office suites are LibreOffice (http://www.libreoffice.org) and OpenOffice (http://www.openoffice.org). Feel free to download and use these. *In this course all word processed submissions should be in .pdf, and all spreadsheets should be submitted as .xlsx.*

TENTATIVE OUTLINE

- January 21: Chapter 1

- January 28: Chapter 2 & 3

- February 4: Chapter 4

- February 11: Chapter 5

- February 18: Chapter 6 and Section 7.3

- February 25: Introduce Project & Exam Review

- March 4: Midterm Exam

- March 11: No Class, Winter Holiday

- March 18: Chapter 10 & 11

- March 25: Chapter 13

- April 1: Chapter 15

- April 8: Chapter 16

- April 15: Chapter 17

- April 22: Chapter 19

- April 29: Chapter 21

A Note on Spreadsheet Design

You should construct your spreadsheet as if you were an analyst at a company, and you were going to submit the spreadsheet to upper management. Therefore, getting the correct answer can be considered the minimal amount of work. The spreadsheet should be easily readable and organized. There are a couple of reasons why this is important: (1) management often will check some numbers (or maybe change a few inputs if they have more up to date information) and it will reflect very poorly on you if they have to search around through a muddled and ill-conceived spreadsheet; and (2) anyone should be able to pick up your spreadsheet and complete it if you are not there (vacation, sick, or hopefully promoted). Following are a couple tips on spreadsheet design, though it is far from exhaustive.

- Hard-code as little as possible. You want a few cells for your inputs, or a place where you put your data, and then every other cell is linked and feeds off of these input cells. This way, to update your spreadsheet you simply change the inputs or drop in new data.

- Take the time to label cells, and put in appropriate comments if necessary - though comments should not be used excessively. Also, it is common to change the cell color depending on whether it is hard-coded (an input) or a formula. This way you (or anyone else) can immediately look at a cell and tell whether it is one in which you can type (an input). Don't forget to include a key.

- It is often better to add tabs to a spreadsheet than continue calculations on one tab. You can easily page through spreadsheet tabs with 'Ctrl+Shift' and 'Page-up' or 'Page-down'.

- Pivot tables. While we probably won't need them in this course, you should nonetheless get to know them. Pivot tables are incredibly useful for summarizing data, and it is very possible you will be asked in an interview whether you are familiar with them. Similarly, get to know VLOOKUP.

- If you are inputting a long formula, then break the calculation into multiple cells. This makes it much easier to tell where a mistake was made - and everyone always spends a fair amount of time looking for errors.

- Excel has many built in formulas which can be useful, however it is important that you understand what the formula is doing to use them. Blindly applying a formula can lead to trouble. For example, if you use the IRR() function on cash flows with multiple roots, the formula will return the first root it finds without signaling to you that there are other roots. Also, there are Excel formulas that are flat out incorrect - in particular the NPV() function. So, use a function if it saves time, but first be sure

you know what the function is doing and verify it works. That said, in my experience it is better (and faster) to input your own formula instead of using Excel's. You often have to break the calculation into a couple of steps, but this can be done quickly, and the result is a spreadsheet that you know works and is easily auditable.